

مركزنا الالى

UNIVERSITY OF JORDAN

# FINANCIAL TIMES

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\*\*\*20p

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## NEWS SUMMARY

### GENERAL

#### Hopes of Rhodesia peace, UN told

British Foreign Secretary Lord Carrington was last night optimistic about the prospects of success in the London conference on Rhodesia. He told the UN General Assembly that he hoped before the 1980 to welcome an independent Zimbabwe to this assembly as a full member of the United Nations.

His speech came as Bishop Muzorewa made a radio broadcast to the Rhodesian people clearly designed to prepare the way for new elections. He warned that outright rejection of Britain's constitutional proposals "would have meant sanctions would remain in force, and we would have been denied international recognition."

#### Uister blasts

Eight people were injured as three bombs exploded in the centre of Lisburn, County Antrim. The injured included two policemen, a woman, aged 83, a girl and two firemen. The Provision IRA claimed responsibility.

#### Political amnesty

East Germany has announced a general amnesty to mark its 30th anniversary on October 7. It will mean the release of those caught trying to escape to the West and other political prisoners.

#### Shooting probe

Spanish authorities have ordered an inquiry into the death of 25-year-old British karate expert Stephen Ives, who was shot in a clash with police in a Barcelona discotheque.

#### Election deaths

Six people were killed and more than 25 injured when rival supporters clashed in Pakistan's first elections since military rule was imposed more than two years ago.

#### Sino-Soviet talks

Chinese and Soviet Deputy Foreign Ministers have held their first meeting in Moscow to negotiate better relations between their countries, according to China. The two sides are meeting for their first talks on relations for 15 years.

#### Hope for cargo

British Cargo Airlines paid £10,000 to the Italian authorities so that the 17 surviving antelopes and zebras in a cargo aircraft at Rome Airport could be flown back to South Africa. The money was demanded for services while the aircraft was held up for six days, during which 52 animals died.

#### Rhodie claim

Former South African Information chief Dr. Eschel Rhoodie told the Supreme Court that former Premier John Vorster had authorised him to conduct a no-holds-barred propaganda campaign and to destroy evidence of his activities.

#### Briefly . . .

Indonesian Government has released 2,000 political prisoners held without trial for up to 12 years.

Spanish Premier Adolfo Suarez has postponed a trip to Central America and the U.S. in a move believed to be linked to mounting Basque violence.

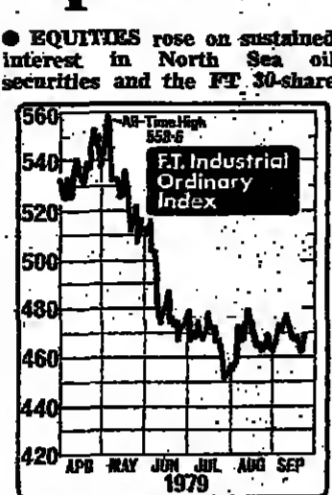
Iberian Airlines DC-9 jet landed safely in northern Spain after an explosion in one of its two engines.

Snooper star "Hurricane" Higgins was found not guilty of assaulting 21-year-old Wendy Dring in a Plymouth hotel.

### BUSINESS

#### Equities rise 7.8; Copper up £42.5

EQUITIES rose on sustained interest in North Sea oil securities and the FT 30-share index put on 7.8 to 469.8, its biggest gain in a day for nearly four months.



GILTS were firm, long-dated issues gaining up to 1/4 after earlier falls to 1/2. The Government Securities Index closed 0.24 up at 72.33.

STERLING improved in quiet trading, finishing 15 points up at \$2.1585. Its trade-weighted index rose to \$8.1 from 67.9. The dollar's index remained at 34.3.

GOLD lost \$1 an ounce in London to close at \$377.

COPPER jumped \$2.5 to £1,010.5 a tonne on the London Metal Exchange. Platinum rose 25 to a record £243.35 a troy ounce. Back Page

WALL STREET fell before close was 5.29 down at 300.55.

ROYAL MINT is making an issue of "proof" sovereigns selling them directly to the public for the first time since 1957. Page 8

MOBIL oil exploration group has submitted outline plans to the Department of Energy for the \$1bn development of its North Beryl discovery in the North Sea. Back Page

FRANCE will no longer be able to block imports of cheap British lamb and mutton following a European Court of Justice ruling. Back and Page 39

REVISED UK/U.S. double tax treaty is likely to go before the Commons for ratification in the next few months, despite protests by several British multinationals. Page 9

EEC Governments tentatively agreed on a formula for distributing oil imports, enabling aggregate imports between now and 1985 to be limited to 472m tonnes a year. Page 3

LORRY DRIVERS in West Yorkshire have been offered a substantial pay rise which might be in the region of last year's 22 per cent. British Steel Corporation immediately rejected the substantial claim of the Iron and Steel Trades Confederation. Page 12

NORTHERN IRELAND Development Agency is understood to be nearing agreement with a leading British specialist car manufacturer for a new factory in the province employing more than 1,000. Page 8

BARRATT DEVELOPMENTS the housebuilding group, lifted pre-tax profits sharply from £11.7m to a record £20.66m in the year to June 30 on turnover of £189.78m (£122.21m). Page 26 and Lex

KLEINWORTZ BENSON LONSDALE, banking and investment trusts, forecasts dividends up from 4.5p to 6p for the current year with an interim payment of 2.5p (1.5p). Page 26 and Lex

**COMPANIES**

Office and Electronic	198 + 10
Paradise (B.)	18 + 3
Racal Electronics	363 + 15
Sunley (B.)	498 + 26
Tarmac	204 + 9
United Newspapers	402 + 22
BP	1255 + 30
LASMO	394 + 8
Doornfontein	390 + 20
East Rand Prop.	530 + 26
Free State Geduld	218 + 3
Hampton Areas	270 + 20
Harmony	490 + 18
Leyenberg Platinum	110 + 7
MTM Hlgs.	356 + 20
President Brand	121 + 11
Welkom	400 + 14
West Drie	274 + 11

**FALLS**

News International	148 - 10
Pilkington Bros.	395 - 8

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

<b>RISES</b>		
Treas. 3pc 79-81	£83 1/2 + 1	
Treas. 11pc 1989	(£40 pd.)	£39 1/2 + 1
AB Electronic	208 + 14	
BAT Industries	223 + 8	
Beecham	148 + 5	
Bellhaven Breweries	42 + 4	
Brent Walker	105 + 5	
British Vita	140 + 9	
Dalgety	295 + 12	
Davenport's Brewy	129 + 7	
Decca A	298 + 10	
De La Rue	643 + 18	
Excel	196 + 5	
FC Finance	170 + 7	
Grand Metropolitan	154 + 5	
Grattan Warehouses	129 + 10	
GUS A	394 + 10	
ICI	361 + 11	
Mills and Allen	305 + 12	
Moran (Chris)	40 + 4	

# Steady decline in unemployment may be coming to end

BY DAVID FREUD

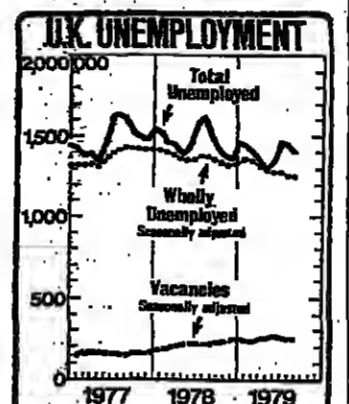
The steady fall in unemployment in the last two years appears to be coming to an end. There was little change in the level this month, and the total may start to rise soon, especially as notified vacancies have fallen for the third consecutive month.

The number of adults out of work in the UK fell by 700 in the month to mid-September, to 1,250m, after seasonal factors are taken into account. This is 5.2 per cent of the work force. The small decline brings the number out of work to the lowest level since April, 1976. It is 189,800 below the post-war peak registered nearly two years ago.

Officials said that the small decline, taken together with the fall in vacancies, suggested that the number of unemployed was on a plateau and unlikely to fall further.

The slowdown comes after a rapid fall in the previous six months, when the number out of work dropped by nearly 102,000. This partly reflected a recovery from the short-term rise in the winter, caused by industrial disruption and bad weather.

However, the unexpectedly buoyant levels of economic activity in the summer are



likely to have made an impact. Unemployment is expected to rise in the next year as the economy moves into recession. Already several business surveys have reported that employers plan to reduce their labour force.

These findings are reflected in the official figure for vacancies, generally a reliable indicator of future trends in the labour market.

Vacancies notified to employment offices, about a third of total vacancies, fell by 2,500 in the month to mid-September, to 243,100, on a seasonally-adjusted basis. In the last three months the number of notified vacancies fell by 19,300.

The economic buoyancy of the summer appears to have enabled school-leavers to find jobs more easily than in recent years.

In September the number of school-leavers out of work was 114,300, the lowest September total since 1974. The figure was

# Mrs. Thatcher spells out 'home truths' to unions

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT'S determination not to intervene in industrial disputes or to change its economic strategy was re-emphasised by the Prime Minister yesterday in a speech that sought to spell out the choices facing the unions.

Mrs. Thatcher argued that the Government had no intention of intervening to change the economic climate by improving incentives and cutting out unnecessary controls but living standards would not improve until more people accepted what she called "some simple home truths."

Her speech at Milton Keynes, Bucks., was aimed mostly at the unions which were warned bluntly that, if there was a London the battle against winter of strikes and high pay settlements which industry could not afford, there would be increased unemployment.

Her main point was that, unless pay was earned in higher output, it had to be paid for in higher prices and fewer jobs as companies went bankrupt. In addition the country's prospects were being further jeopardised by strikes and industrial action.

The Prime Minister then issued a very firm warning that the Government had no intention of intervening to change the economic strategy.

"This Government has no intention of printing more money to finance big pay settlements," she said. "We shall stick to the monetary target announced by the Chancellor in his Budget on June 12. To do otherwise would mean abandoning the battle against inflation."

The Prime Minister stressed latest unemployment figures, if trial action would pose to employment prospects after the latest unemployment figures. It

# IBM seeks to raise \$1bn

BY DAVID LASCELLES IN NEW YORK

IBM, THE U.S. computer giant, yesterday surprised U.S. capital markets by announcing plans to borrow \$1bn in the coming weeks.

It is believed to be the largest single public corporate debt offering in the U.S. since American Telephone and Telegraph raised \$1.5bn in 1970. It is also the first time that the New York-based computer manufacturer has come publicly to the capital markets. Previously, it raised all its funds privately, either from banks or insurance companies.

IBM said the offering would consist of \$500m in notes due in 1986 and \$500m of debentures due in 2004. The offering will be made in mid-October.

The underwriting group will be managed by Salomon Brothers and Merrill Lynch White Wald capital markets group.

IBM said the proceeds would be used to meet increasing capital requirements for construction of manufacturing plant and for rental equipment.

Although rumours of the IBM offering swept the markets late on Monday afternoon depressing share and bond prices, yesterday's announcement still caused surprise.

This was partly because of the size of the loan and partly because IBM announced only eight weeks ago that it had arranged a \$1.5bn credit line with a group of 37 banks.

However, IBM has been saying for some time that the



# Inflation in U.S. now 11.8%

By David Buchan in Washington

U.S. INFLATION continues unchecked, according to Government figures yesterday showing that consumer prices rose 1.1 per cent in August, the seventh month running that the increase has been 1 per cent or more.

The latest advance means that prices have gone up by 11.8 per cent in 12 months compared with a year-on-year increase of 11.3 per cent in July. The news came on the day after Mr. Anthony Solomon, Under Secretary at the Treasury, predicted that inflation might well drop below the ten per cent annual rate by the end of the year. Inflation at home is a key element in the dollar's value abroad, and Mr. Solomon had forecast a strengthening of the U.S. currency in coming months.

The Carter Administration has several pressing political reasons for needing a sharp slowdown in the rate of price rises. One is that Senator Edward Kennedy has said he will base a decision to challenge Mr. Carter for the presidency largely on the economy's performance this autumn.

Another is its hope of winning trade union acceptance of a second year of voluntary wage restraint due to start on October 1. The Labour Department reported yesterday that real weekly earnings dropped 0.9 per cent last month—the fourth time in the past five months that inflation has eaten into real incomes.

The labour movement has shown increasing support for Senator Kennedy, who has recently been claiming that President Carter has failed to make his incomes policy as fair and workable as those tried under Democratic presidents in the 1960s.

Petrol, heating oil and housing costs were, unpredictably, the chief factors pushing up the August inflation rate, while food prices, a major inflationary factor earlier this year, stayed stable last month. Petrol prices rose 4 per cent, with the average cost of a U.S. gallon reaching 96.7 cents (46p).

Part of the inflation problem may be that U.S. economic

# TUC attack on industrial law proposals

BY ALAN PIKE, LABOUR CORRESPONDENT

NEW PROPOSALS to reform industrial relations legislation were announced by the Government yesterday, among other things, industrial tribunal and unfair dismissal procedures, and maternity provisions. The package was described by Mr. Len Murray, TUC general secretary, as a charter for backward employers which would restore to them "the right to treat workers unfairly without infringing the law."

He said the Government was intent on dismantling much of the employment legislation enacted by previous governments.

Details of the proposals were published in three working papers by Mr. James Prior, Employment Secretary. Industrial tribunal procedures are to be made more flexible and employers will welcome proposals to sift out cases which stand little chance of succeeding at a hearing. This could lead to costs being awarded against a party who insists on going ahead with a weak case.

One of the most controversial proposals is a suggestion that new companies with fewer than 20 employees should be exempt from the unfair dismissal provisions for the first two years of trading. Union leaders are bitterly opposed to the legal rights of some workers being weaker than others merely because of the size of establishment in which they work.

The working papers also cover the thorny topic of the union recognition procedures of the Employment Protection Act

which, it is generally agreed on both sides of industry, have not worked well. They ask whether it is worth having statutory recognition procedures at all, or whether the Advisory, Conciliation and Arbitration Service should be left to try to settle disputes on a voluntary basis.

Mr. Murray said that if implemented the proposals would take away existing legal rights of individual workers. The TUC general council would strongly oppose them and try to persuade the Government to think again.

However, Mr. Prior made a particular point of stressing that he did not believe he was "mounting an attack on the concept of protection for employees" when he announced the publication of the working papers yesterday.

#### Balance

The Government believed some aspects of the legislation were actually operating against the interests of working people by discouraging employers from taking on new staff. "We want to get the balance right between protection for those who have jobs and the provision of employment for those who haven't."

Yesterday's working papers follow earlier ones on the closed shop, picketing and union ballots and the Government intends to introduce legislation by the end of the year.

Details Page 12  
Editorial comment Page 24

# £15m debenture stock

BY RICHARD LAMBERT

LONDON TRUST, an investment trust company, is issuing a £15m debenture stock. It is believed to be the first debenture issue of such a size for at least six years.

The stock has a coupon of 13 1/2 per cent, and is being placed by Casenove & Co. at 98 1/2 per cent. The gross redemption yield at that level is 13.46 per cent. The stock can be redeemed in the years 2000-2004.

Until 1972, debentures were an important source of funds for the UK corporate sector. In that year, industrial and commercial companies raised £289m in debentures and preference shares, net of redemptions.

More recently, the prolonged upswing in nominal interest rates has kept corporate borrowers out of the market for such fixed interest securities. In 1978, redemptions exceeded new issues by over £70m.

London Trust will use about a third of the proceeds to repay bank loans incurred in recent months to finance investment in British Government stocks. The rest will be invested mainly in additional fixed-interest securities in the UK and international markets. The longer term objective is to reinvest the money in equities.

News Analysis Page 28  
Lex Back Page

£ in New York

	Sept. 24	Previous
Spot	\$2.1600-1610	\$2.1675-1690
3 months	0.90-0.85 dis	0.93-0.88 dis
12 months	2.80-2.69 dis	2.80-2.75 dis

## CONTENTS

Labour Party: new thinking in the unions on reorganisation	24
The BBC: Bush House's fight against government spending cuts	25
Kampuchea: the struggle for power, UN failure presages fresh hostilities	4
Egyptian telephone deal: soft loans clinch the contract	14
Management: impact of electronics on L. M. Ericsson's shopfloor	21
Gardens today: planning for next year	22
BL's malaise: European plant at risk, fear of Edwardes' axe at Senefle	21
Lombard: caring for the engineer, by David Fishlock	22
Editorial comment: the Employment Protection Act, Spain-EEC	24
The U.S. Defence Department: reasons for boosting electronics	32
Survey: total export management	17-20

American News	7	Int'l. Companies	34-36	Stock Markets:		INTERIM STATEMENTS	
Appointments	15	Leader Page	24	London	40	Lon. Sect. Mar. Oil	26
Autos	23	Letters	25	Wall Street	26	DC Group	30
Base Rates	38	Law	44	Bonnas	28	Sunlight Group	30
Commodities	29	Lombard	22	Technical	16	ANNUAL STATEMENTS	
Costs	31	Management	21	Today's Britain	25	Barratt Develop.	27
Crossword	22	Man and Machine	24	TV and Radio	22	Burton Ltd.	31
Entertain. Guide	22	Mining	23	UK News	12	Manston Finance	31
European News	23	Money Exchange	7	General	12	Phipps Ltd.	31
European News	23	Overseas News	4	Labour	12	Shell Transport	31
European Options	28	Racing	22	Unit Trusts	41	Raybank Ltd.	31
FT-Columns	40	Share Information	42-43	Weather	4		
Gardening	18			World Trade News	2		

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# EUROPEAN NEWS

BL's MALAISE PUTS ITS EUROPEAN PLANT AT RISK

## Dealers fear the Edwardes axe at Seneffe

BY GILES MERRITT IN BRUSSELS

THE CAR PARK outside the Sofitel hotel near Brussels' Zaventem Airport looked distinctly unusual. The cause was hard to pin down until the realisation dawned that about two-thirds of the cars in it were British Leyland models.

In Britain that would be remarkable enough. In Belgium, where BL's market share now stands at 2.8 per cent and where the Seneffe plant—BL's only continental European assembly operation—is threatened with closure, it was extraordinary.

The key to the preponderance of Rover and Jaguar was to be found inside the Sofitel, where 120 Belgian dealers for BL were taking part in a presentation of the group's latest promotional campaign. Although the dealers' loyalty to the UK State-owned company has become something of a byword in the Belgian motor industry, the meeting was about more than advertising and promotional plans.

Many of the dealers want reassurance over the future of the Seneffe factory, whose closure was rumoured for well over a year before the recent announcement by Sir Michael Edwardes, BL chairman, that it is being "reviewed."

For the past three months Seneffe has been working at only half its capacity of 400 vehicles

a week and, with demand for the ageing Minis and Austin Allegros that it assembles still dwindling, the fear is that the plant is destined to come under the Edwardes axe together with UK operations in the promised programme of rationalisation.

The worries expressed by BL's Belgian dealers are based more on emotion than on practical considerations. They see Seneffe as the symbol of BL's determination to stay in Europe and fight for a respectable market share.

They also view the factory, which was opened with some fanfare in the early 1960s, as a continental bridgehead and as a vital asset in any future sales offensive in Europe. It is, after all, BL's only European industrial operation worthy of the name, and BL sales executives in Belgium are well aware that its closure would deal a serious blow to the dealers' morale.

The Belgian Government is concerned about Seneffe for more clear-cut reasons, and the matter was at the top of the agenda when M. Wilfried Martens, the Belgian Premier met Mrs. Thatcher at 10 Downing St. earlier this month.

Seneffe provides about 3,000 jobs in the economically hard-hit southern region of Wallonia. With nearby Cherleroi already suffering from the cutbacks of the steel industry's restructuring programme, the closure of

Seneffe could spark a militant reaction among Francophone Walloon workers. The possibility of mass redundancies is made no sweeter by the Seneffe workers' knowledge that they have in recent years achieved the annual 6 per cent productivity increases common to many Belgian industries if not to other operations in BL.

Whether Seneffe is to be spared or not will be decided in the coming months in London. But Leyland Industries Belgium is understood already to have pointed out to London that a closure would very probably be an expensive exercise. BL's investments in Seneffe are estimated inside the Belgian operation to stand at BFR 1.25bn (about £20m), but under Belgian law the cost of paying redundancy compensation to the workforce could amount to a staggering BFR 3bn.

The exact cost of paying off Belgian employees depends on various factors, notably length of service, but when in 1976 the Belgian subsidiary of the U.S. Badger Corporation went into liquidation the 250 employees of the company received average redundancy payments of BFR 1m each.

Seneffe is not operated as a profit centre, being part of the BL Austin Morris manufacturing division. It is, therefore,



Sir Michael Edwardes

hard for the Belgian Government or even executives working in BL's Belgian operation to guess at the arithmetic that senior Leyland management is now doing. What is clear though, is that the Seneffe plant's difficulties have much more to do with the melaise inside BL than with conditions in the rest of the Belgian motor industry.

Belgium has no motor manufacturer of its own, yet motor

vehicles account for a tenth of the country's substantial export trade. General Motors, Ford, Volvo, Renault, Citroen and Volkswagen all have major assembly operations in Belgium. At the beginning of this year General Motors increased its workforce by 1,500 to 11,000. A total of 1.1m vehicles came of Belgian assembly lines last year, of which 900,000 were exported.

Although BL has cited high wage costs as one of the problems besetting Seneffe, motor industry experts cite the comparatively low unit cost of Belgian-produced vehicles as an important factor in the success story.

Seneffe is not crucial to BL's market share in Belgium but is nevertheless important. Belgians argue that the plant's high level of stock guarantees a 92-94 per cent availability of parts for Minis and Allegros that are not only produced for Belgium but also for Holland, France, West Germany, Italy, Austria and Switzerland.

The indications are that BL does plan to cease assembly at Seneffe in due course and to convert the plant into a centre for pre-delivery inspection, but it remains to be seen whether the high costs of closure, together with the political objections likely to be raised, will cause these plans to be modified.

## Invisible earnings boost Dutch payments balance

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS recorded a surplus on its balance of payments current account in the second quarter of 1979, confirming the recent official forecast of an improvement in the country's payments position.

The surplus was Fl 360m (88.5m) on a seasonally adjusted Finance Ministry basis. This compared with a deficit of Fl 545m in the first quarter of 1979 and a deficit of Fl 405m in the second quarter of last year.

The improvement was largely due to invisible items such as services, transit trade, transport and payments for work abroad. The visible trade position also improved, with exports just exceeding imports by value.

The unadjusted figures showed a surplus of Fl 364m in the second quarter compared with a deficit of Fl 257m and of Fl 431m in the first quarter of 1979 and the second quarter of 1978 respectively.

In the first half of 1979 the Netherlands had a seasonally adjusted deficit of Fl 185m, compared with a deficit of Fl 1.04bn in 1978. Before adjustment however there was a surplus Fl 107m in the first half of 1979 against a deficit of Fl 607m last year.

The Central Planning Bureau earlier this month produced revised forecasts showing that the payments position would be in balance this year compared with its previous forecast of a deficit of Fl 1.5bn. It also forecast a return to a surplus, put at Fl 1bn, next year.

The Dutch Finance Ministry will hold a tender for a new 23 per cent 1-year State loan, the price and size of which will be announced after subscriptions close on October 2.

## Shell refinery strike will hit supplies of petrol

BY OUR AMSTERDAM CORRESPONDENT

THE STRIKE-HIT refinery of the Royal Dutch/Shell group at Pernis near Rotterdam will take 7-10 days to return to normal operating levels even if an immediate agreement is reached on union demands for shorter hours, says the company.

Shortages of petrol and diesel fuel will be felt in the Netherlands where the company accounts for about a quarter of the supplies of these products. The refinery, the largest in the group, is in the process of being shut down.

The other principal companies with refining capacity in the Netherlands have said they cannot make up for the lost Shell production because of restricted crude oil supplies and the difficulty of anticipating how long the strike will last.

Workers who are opposed to the strike which started on Monday, are planning a protest

march in Rotterdam today. Shell has offered to continue paying workers who register with the company as being prepared to work.

A row has broken out over how many of the 7,000-strong workforce actually want to strike. The works council, which represents white collar workers as well as production workers, claims only 20-30 per cent are in favour.

The smaller of the two unions at the plant, the CNV, says 60 per cent of its members would accept the company's offer.

The other union, the FNV, says, however, that 97 per cent of its 1,200 members are in favour of the stoppage. It denies seeking a confrontation to save face after the embarrassing strike of Rotterdam dockers which it was unable to support.

The FNV is seeking a 35-hour working week and the introduction of five-shift working. Shell has offered extra holidays

## France warned of fuel shortage next winter

BY TERRY DODSWORTH IN PARIS

THE FRENCH GOVERNMENT has been warned by one of the country's leading oil companies that serious shortages of home heating fuel could develop early next year, if it does not allow a substantial price increase.

According to Compagnie Française de Raffinage (CFR), the refinery and distribution subsidiary of Total oil group, there is no certainty that France will be able to buy sufficient supplies unless the oil companies can increase domestic charges.

Prices in France, it says, have been held 8 per cent below those now prevailing in Holland and Italy, and 30 per cent under West Germany's.

The company's claims will make dismal reading for French consumers, who have already absorbed a 34 per cent increase in fuel-oil prices this year. Gas and electricity prices have gone up by 15 per cent, coal by 8 per cent, and there is a strong possibility of selective electricity cuts this winter to

prevent a total breakdown of the type which occurred last December.

So far, there has been no indication that the Government is disposed to accept CFR's reasoning. Oil prices are only one of the central controls which have been maintained in the face of the new industrial liberalisation policies, and it seems that the authorities feel that prices have gone up quite sufficiently this year.

The Government also seems confident that it can find sufficient supplies to last out the winter, unless there is a radical change of policy among the OPEC oil-producing nations.

In addition to the price rises, domestic fuel oil users are being forced to cut their consumption this year by 10 per cent as part of the economy measures announced by the Government in the summer. This should reduce total consumption to about 29m tonnes in the year up to the end of next June, against 32.3m tonnes in the same period last year.

## E. Europe currencies fall on black market

BY LESLIE COLTIT

EAST EUROPEAN currencies, from the Soviet rouble to the East German mark, have slid to their lowest levels since the early post-war years at the unofficial or black market rate offered by Western Berlin banks and exchange offices.

Specialists here say this reflects growing uncertainty about the economic outlook in the Communist countries.

The East German mark, which sold for 25 West German pfennigs in February, has fallen to below 21 pfennigs. The GDR mark costs 1 West German mark when purchased at the official rate in East Germany but, like the other East European currencies, it is non-convertible and its exchange rate in the West is determined by supply and demand.

The Russian rouble, which cost 65 pfennigs a year ago, now sells for 50 pfennigs in West Berlin. Poland's zloty is the only East European currency which has not lost heavily in value, remaining at a rate of about 50 zlotys for 1 Deutsche Mark compared with the official Polish rate of some 16 zlotys to the D-mark.

The other East European currencies have all fallen at the unofficial Western exchange rate because of what dealers in West Berlin call worsening economic conditions in Eastern Europe that are causing a larger illegal outflow of currencies to the West.

A year ago, 100 Czechoslovak crowns cost nine D-marks while the price now is DM 7.50. Last year 100 Hungarian forint cost DM 8 and today only DM 6. Similarly, the Bulgarian lev sold for DM 1.10 last year and 80 pfennigs at present, while 100 Rumanian lei sold for DM 8.50 last year and DM 6.80 now.

Although East Germany has the strongest economy in Eastern Europe and the most stable prices, its currency has none the less fallen steeply on the black market. Herr Hans Binsch, a West Berlin dealer specialising in

East European currencies, says that in the tourist season when East Germans stream into Poland and Hungary the black market value of the East German mark falls inside those countries.

Polish and Hungarian tourists travelling to the West bring East German marks with them and exchange them into dollars. The dollars are subsequently used to open interest-bearing dollar bank accounts in their homelands.

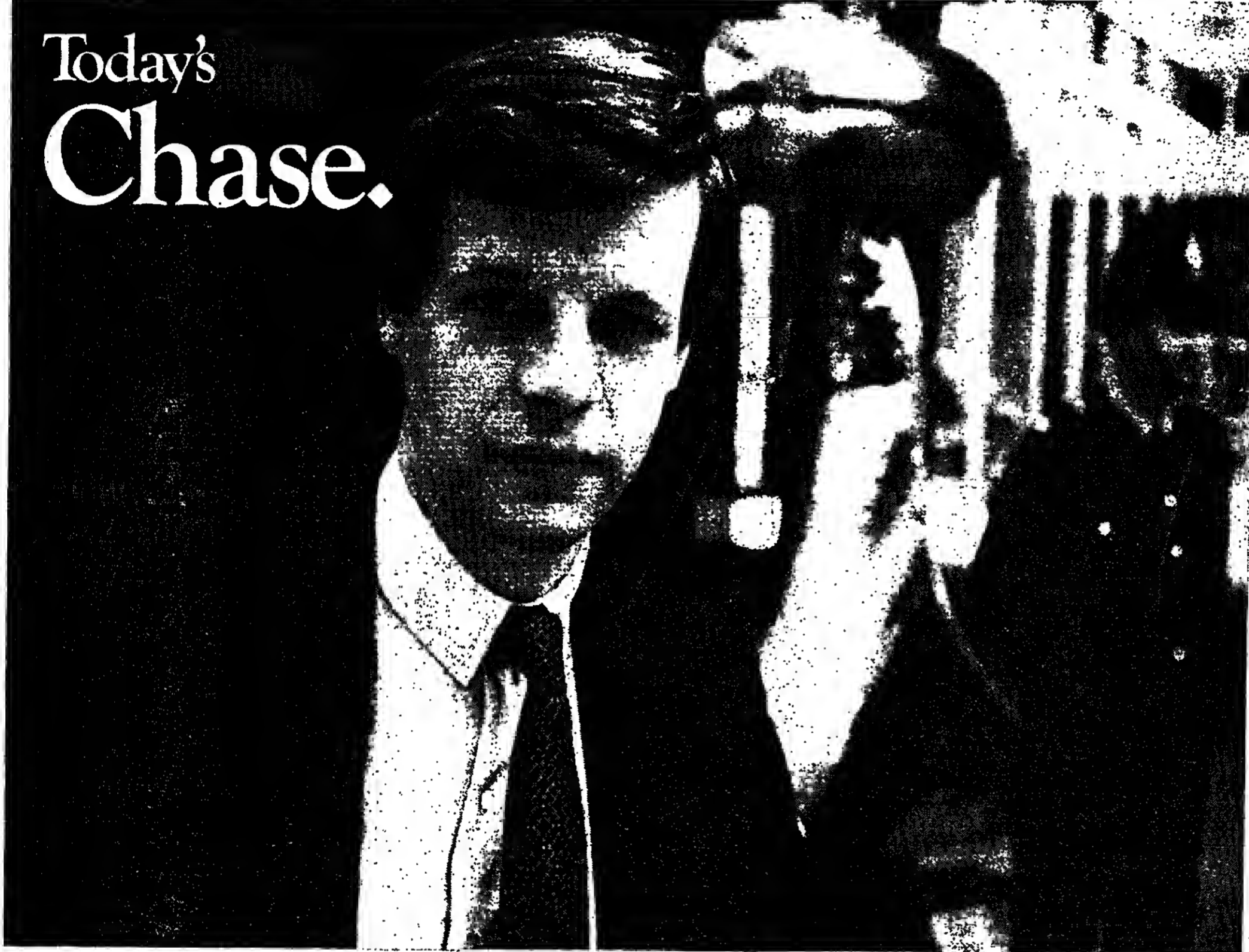
Another factor depressing the exchange rate for the GDR mark in the West is the falling demand for it, says Herr Binsch. Previously, he says, East Europeans and other diplomats in East Berlin were able to pay for their embassy expenses and rentals in GDR marks bought advantageously in West Berlin.

Now, however, these must be paid for in hard Western currency.

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Ruediger v. Eisenhart-Rothe, Vice President, Assistant General Manager, Credit and Marketing.

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مركز الائحة

مكذباتنا لعل

### Suarez postpones visit to America

By Robert Graham in Madrid  
THE SPANISH Prime Minister, Sr. Adolfo Suarez, has at the last minute postponed an eight-day trip to three Central American countries and the U.S.

In a laconic comment on the postponement yesterday, Sr. Suarez said it was caused by "a few internal considerations." The postponement is being linked to the renewed upsurge of violence in the Basque country.

### Government to finance coal stocks

By Our Madrid Staff  
THE SPANISH Government has taken an important step to ease the financial problems of the coal mining industry by undertaking to finance coal stocks until 1982.

### COMMON MARKET BID TO RESTRICT IMPORTS

## Outline accord on sharing out oil

BY GUY DE JONQUIERES IN BRUSSELS AND DAVID WHITE IN PARIS

EEC GOVERNMENTS reached tentative agreement yesterday on a formula for distributing oil imports among themselves which, they hope, will enable them to limit their aggregate imports between now and 1985 to 472m tonnes annually, the same level as last year.

The arrangements, worked out between ambassadors of the Nine here, are still subject to final confirmation and can be reopened.

Officials here suggested, however, that the EEC would react strongly to any U.S. pressure. Putting the Tokyo commitments into effect has already proved a politically sensitive business, but least because the smaller EEC countries not represented at the summit have resented the fact that leaders of the four big member states gave important undertakings there without consulting them.

The Paris-based International Energy Agency is due to release on Friday a report on Western energy conservation measures. The report, the agency's first full analysis since 1978, is expected to suggest that consumer countries could cut back much further than they have done so far.

## Call to end non-tariff barriers in EEC

BY PHILIP RAWSTORNE

BRITISH Tory MPs are to launch a vigorous campaign in the European Parliament to abolish non-tariff barriers to trade within the Community.

more than fourfold in the past five years, they say. The EEC Commission is at present investigating more than 400 cases which it admits are only the "tip of the iceberg."

strike at the very basis of the EEC's establishment as a Common Market," he declares. The restrictions were increasingly affecting the Community's invisible trade—particularly insurance and financial transactions through the City of London—as well as the movement of goods.

## Big guns bear on butter sales

BY MARGARET VAN HATTEN IN STRASSBOURG

THE DEBATE on EEC butter sales to the USSR drew all the British guns in the European Parliament yesterday.

The Tories insisted that butter mountains were in order so long as the Russians did not benefit. The Labour members retorted that the Russians need not be singled out.

the butter mountain remained. As for curbing the over-production that has caused the mountain, that was up to the Parliament.

## Swiss propose austerity budget for next year

BY BRIJ KHINDARIA IN GENEVA

THE SWISS Finance Minister, Mr. Georges Andre Chevalaz, has proposed an austerity budget for next year and has kept the projected deficit down to about SwFr 1.5bn (£382m), compared with an earlier estimated deficit of SwFr 2.4bn.

State subsidies to farming and agricultural are unchanged at SwFr 300m annually. Total expenditure of SwFr 17,342bn is seen for next year, about SwFr 860m more than this year, and revenues of SwFr 15,945bn, about SwFr 830m more than this year.



Judge Cesare Terranova

## Judge shot dead in Palermo

By Rupert Cornwell in Rome

ITALY'S LATEST wave of violence intensified yesterday with the murder in Palermo of Sig. Cesare Terranova, a leading Sicilian judge and until last June a left-wing independent MP.

The Palermo killings have completely overshadowed events in Rome on Monday night, when police surprised and wounded Sig. Prospero Gallinari, believed to be one of the commanders of the Red Brigades terrorist organisation.

Sig. Terranova (58) was ambushed by a group of gunmen as he drove from his home in central Palermo. Although a right-wing extremist group has claimed responsibility, police assume the Sicilian mafia is behind the crime.

Judge Terranova spent most of his working life investigating organised crime on the island. During his seven years as an MP he served on Parliament's anti-mafia commission and was regarded as one of Italy's experts on the organisation.

Meanwhile in Rome, Sig. Gallinari's condition was reported last night to be slightly more hopeful after a lengthy brain operation.

## West German building boom 'tailing off'

BY ANDREW FISHER IN FRANKFURT

THE POWERFUL surge in West German construction activity, which followed a long period in the doldrums, is showing signs of tailing off, a survey by Commerzbank shows.

Even so, there was enough work to maintain a high level of production next year, which meant that growth was unlikely to start tapering off until 1981.

Commerzbank listed the warning signs in the industry, which has been setting the pace in West German domestic economic activity since last year, as an acute shortage of skilled labour, a high level of capacity utilisation, and soaring costs.

The sharp recovery in the industry's fortunes occurred in stages, the bank noted, with 1977 seeing the effects of public works projects and government spending expansion.

The harsh winter early this year halted house-building, and the industry was still struggling to catch up, the bank said.

In 1981, house-building business would start to mark time, and the industry's growth rate should ease off.

## Criticism over poison find

BY ROGER BOYES IN BONN

THE West German Ministry of Defence, Hamburg authorities and the local police force have been accused of negligence and misfeasance following the discovery of hundreds of tonnes of highly poisonous chemicals and explosives on a disused factory site in Hamburg.

The discovery has raised questions about responsibility for supervising dangerous chemical storage. Part of the problem is the division of responsibility between the federal and state governments.

A report issued by the environmental specialist of the Hamburg Senate said yesterday that the "appropriate authorities had not fulfilled their tasks satisfactorily" in monitoring the activities of the Stolzenberg company which produced and stored the chemicals.

The report makes clear that the Defence Ministry and the police must also have known about the explosives for years without having taken any action.

## "I know about the bad years. What about the good ones?"



"Much as I like running my own business my ambition is to finish with it some day, before it finishes me.

You know, retire like other people, take some time to travel with my wife.

But being self-employed it's not all that easy to plan ahead. Some years are not bad-good weather, high yields, everything goes well. Other years make me wish I'd taken up selling crop insurance for a living."

Scottish Widows have a new personal pension plan for people who have to live with financial ups and downs.

It's a plan that can help you make the most of a good year, by allowing you to pay higher premiums in that year and other good years to come. It can provide you with a large,

tax-free cash sum when you retire and the annual pension you build up for retirement will be taxed only as earned income.

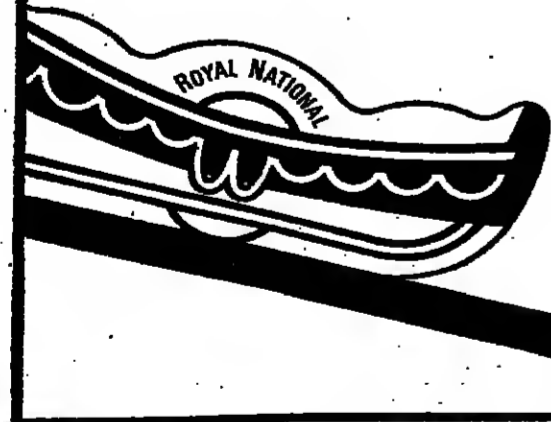
You get tax relief on the premiums at the highest rate you pay whether you put aside the maximum £3,000 a year (or 15% of your earnings) or as little as £100. And all the time you are building up a secure pension in a tax-free fund with a mutual life office which currently handles over a billion pounds of investment for half a million people.

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OVERSEAS NEWS

MacLehose to retain Hong Kong governorship

BY PHILIP BOWRING IN HONG KONG

THE GOVERNOR of Hong Kong, Sir Murray MacLehose, has had his term of office extended until April 1982. Mr. Peter Blaker, Minister of State, British Foreign and Commonwealth Affairs, said here yesterday.

The Chinese have let it be known that they would like to see Sir Murray remain in office. This follows his successful tour of China in April. Sir Murray would like to cross his career as governor by strengthening Hong Kong's position vis-a-vis China and Britain, and his reappointment will be popular throughout the colony.

John Hoffmann reports from Peking: China yesterday published details of its nuclear and space programmes, subjects about which it has been stolidly secretive in the past.

China conducted 20 nuclear tests between October, 1964, and March, 1978. The first nuclear guided missile test was in October, 1966. The most active nuclear year was 1976, when four explosions were recorded. Eight satellites had been launched successfully between April, 1970, and January, 1978.

Most recently, he has gained international prominence by highlighting the problem of Vietnamese boat refugees and Hong Kong's role in giving them asylum.

Egypt takes back more Sinai land

By Roger Matthews in Cairo

EGYPT YESTERDAY regained control of another large slice of Sinai as Israel completed the third stage of its phased withdrawal under the terms of the peace treaty. The raising of the Egyptian flag at Ahn Darba, off the Gulf of Suez, brought another 4,500 sq miles under Egyptian sovereignty. By the end of this year, nearly two-thirds of Sinai will have been handed back, including the Ahn Rudeifa and Alma outcrops.

David Lendon reports from Tel Aviv: Controversy continues to rage in Israel over the visit by a group of American black leaders, headed by the Rev. Jesse Jackson. The Government has refused to let any officials meet the group, which is making a fact-finding tour of the region.

Nigeria lifts Barclays Bank accounts ban

By Mark Webster in Lagos

THE NIGERIAN Government has lifted its ban on public sector agencies holding accounts with the recently renamed Barclays Bank. It has been announced here.

The lifting of the embargo marks the end of a turbulent period in the bank's involvement with Nigeria which was caused by Barclays International's connections with South Africa.

In 1978, the present military Government ordered all public sector agencies to withdraw their funds from Barclays leaving only those accounts with debit balances. Then in February this year, Barclays changed its name to Union Bank after the military Administration advised the bank to sell a further 20 per cent of the equity held by Barclays International to the Nigerian public.

The bank is now more than 50 per cent Government-owned.

THE STRUGGLE FOR POWER IN KAMPUCHEA UN failure presages new war

BY NATAN CHANDA, RECENTLY IN KAMPUCHEA

THE VIETNAMESE, in a 15-day blitzkrieg in January this year, drove the Pol Pot regime out of Phnom Penh. But their diplomatic campaign last week to drive Pol Pot's representative out of the United Nations fell flat on its face.

While this failure on the part of Hanoi will gladden the hearts of opponents, there is little hope that it will hasten the end of the Kampuchean tragedy. In fact, resolve of Vietnam's leaders to mounce a fresh assault on remaining Pol Pot strongholds once the monsoon ends in two weeks time. Troop movements have already begun.

The failure has also probably put an end to international relief efforts to get food and medical supplies to the starving Kampuchean people. The UN General Assembly decision by an absolute majority to retain the Pol Pot delegation will certainly breathe new life into a regime that has lost successively the right to speak and then the right to sit at the non-aligned meetings.

It will also strengthen the resolve of China and the Association of South East Asian Nations (ASEAN)—Singapore, Malaysia, Thailand, Philippines and Indonesia—to bolster the "legitimacy" of the Pol Pot regime, which has proved an effective weapon in resisting the Vietnamese and their Soviet Bloc friends at the UN.

The forthcoming General Assembly debate on the Kampuchean question, which was placed on the agenda in the face of stiff Soviet-Vietnamese opposition, is also likely to put Vietnam on the spot and so provide opportunity to its opponents to bring international pressure to bear on the withdrawal of its troops from Kampuchea.

Long-time observers of Vietnam are, however, doubtful whether the recent failure at the UN or the embarrassment of public criticism would bring any immediate softening of Hanoi's posture on Kampuchea, where it maintains overwhelming military superiority. If anything, it is felt that the Vietnamese will now devote their whole attention to achieve by military means what they could not do at the UN: total elimination of Pol Pot resistance.

In addition, the Vietnamese are likely to end co-operation with the international aid organisations that have been trying—so far with scant success—to get food and medical supplies to millions of starving

war-trapped Kampucheans. Even before the meeting of the General Assembly, the Vietnamese had been making quiet preparation for a major dry season operation to wipe out Pol Pot resistance in Western Kampuchea along the Thai border.

Western intelligence sources say that recently an average of two to three Soviet transport planes have been flying daily into Siem Reap carrying troops

Kampuchea has been ravaged by war for more than a decade. The prospects seem bleak. A brief period of peace after U.S. military withdrawal from Vietnam ended abruptly when the brutal Pol Pot regime took power. In three years, Kampuchea's 7m population shrank to 3m as a result of systematic violence. Famine is now widespread. Another 2m people could die soon.

Vietnam's final drive against Pol Pot at the end of the rainy season. Other subtle messages also have been delivered to Bangkok warning that if Thailand continues to funnel money and arms through its territory the Vietnamese may reconsider their earlier pledge not to support Thai Communist insurgency.

If Hanoi manages to win Thai neutrality by coaxing and

against Vietnam which in turn may cause Russia to react. What seems to be more likely is that, despite the coming Vietnamese offensive, Pol Pot resistance will linger on in parts of Kampuchea into the 1980s and Vietnamese troops would make distribution of urgently needed international assistance extremely difficult.

The Vietnamese are aware that they are not particularly loved by the Khmer population, who showed initial grudgingness at being liberated from Khmer Rouge rule.

Recently a Vietnamese official in Phnom Penh said: "We should certainly not overstay our welcome." But at the same time the Vietnamese will certainly not put Kampuchea back into the hands of a pro-Peking government just because they are being condemned for its invasion.

Vietnamese in Phnom Penh have suggested that they would like to see the Heng Samrin regime broaden its base by holding a general election to include some former Sihanoukist and patriotic elements in the Government. They would never accept any co-operation with the Pol Pot group, however.

As far as China is concerned, no solution in Kampuchea is acceptable if it does not recognise the legitimacy of the Pol Pot regime and the dissolution of the pro-Hanoi regime. One military analyst says: "China, in fact, is not interested in seeing the Vietnamese leave Kampuchea. The longer they stay, the better it is for Peking."

Peking would like to see a protracted guerrilla war in Kampuchea, since its strategy consists of economically weakening, diplomatically isolating and militarily pressuring Vietnam so that the present leadership cracks.

It hopes that as Vietnamese military and economic resources become over-extended, and Khmer hostility in Kampuchea increases along with armed opposition in Laos, so economic crisis at home would eventually bring about change in Hanoi and loosen its grip over Indochina.

Threatened by disastrous famine and disease and facing the prospect of a war without end, the hapless Khmer people are suffering most. One of the great aphorisms of the Indochina war is again being applied to Kampuchea—one has to destroy Kampuchea to save it.



S. Africa boost for black unions

BY QUENTIN PEEL IN JOHANNESBURG

MIGRANT WORKERS are to be allowed to join registered black trade unions, Mr. Fanie Botha, South African Minister of Manpower Utilisation, said yesterday. This group accounts for at least one in three of the country's labour force.

The announcement is a significant concession to criticism from unions and private enterprise of the Government's new labour deal. But it may yet fall short of black unions' expectations, for the move has been made as an exemption rather than as a legal right.

migrant workers living in South Africa, including those tribal homelands granted independence—Tzanzakei, Bophuthatswana and Venda—but not migrants from other countries such as Mozambique and Rhodesia.

which had proposed freedom of association for South African workers, and legal recognition of black unions.

It also undermined the other main aim of the Wiehahn Report—to bring black unions under the control of Government institutions—because most black unions had declared their intention not to register under the new regime.

Mr. Botha announced his concession yesterday at a conference of the Federated Chamber of Industries in Johannesburg.

India may have new party

By K. K. Sharma in New Delhi

A NEW political party is expected to be launched here today, either through the merger of the existing ruling Janata (Secular) party of Prime Minister Charan Singh with its allies, or an effective electoral alliance with them.

Among the groups which will comprise the party, apart from the Janata (S), are the Socialists and the "Congress for Democracy" formed by Mr. H. N. Bahuguna. The new party is expected to be named the "Lok Dal" (People's Party).

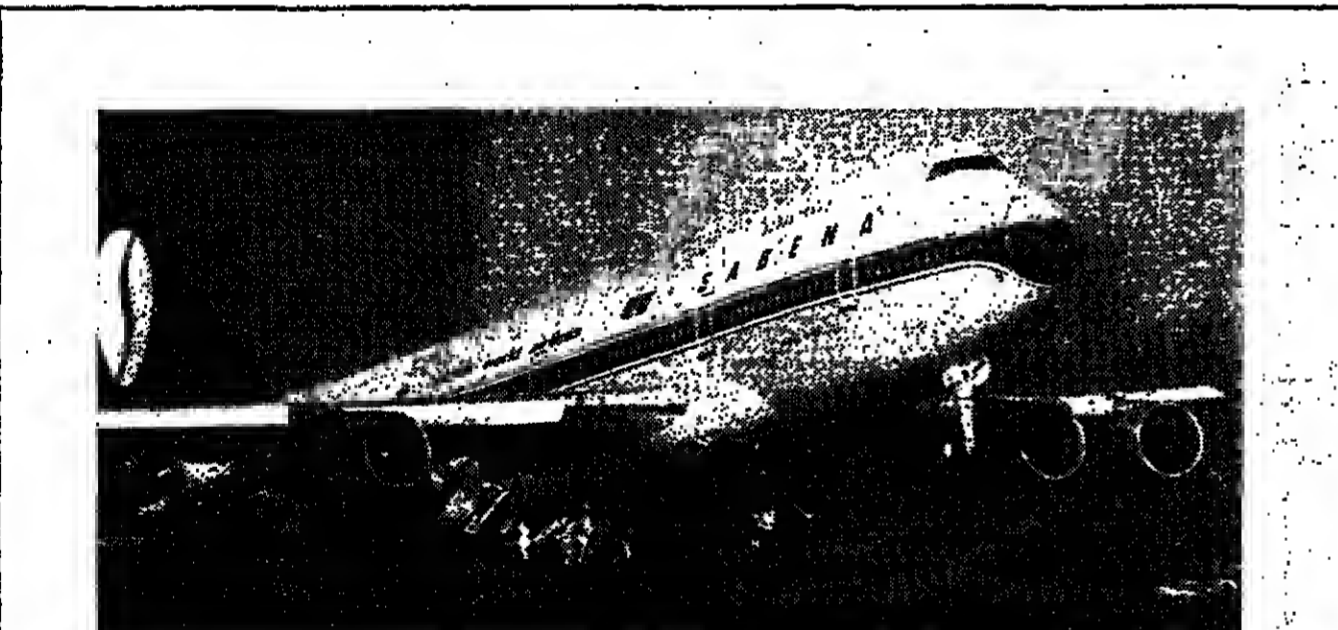
Iran oil chief returns

TEHERAN—Mr. Hassan Nazih, chairman of the National Iranian Oil Company, returned to his office yesterday, apparently to prevent further industrial action by employees backing him in a dispute with the ruling clergy.

Workers at the NIOC headquarters stopped work on Monday, to hold a meeting in support of Mr. Nazih and to reject any outside interference in the corporation's affairs, according to a NIOC spokesman. There were no reports of stoppages yesterday.

The stoppage, first of its kind in Iran's most important industry since the overthrow of the Shah last February, did not affect oil production. The company hoped attacks on Mr. Nazih would now stop, the spokesman added.

But if the chairman were replaced, there would probably be disturbances, particularly in the oil-producing areas of the south. The clergy, however, yesterday kept up its pressure on Mr. Nazih. The row started when Ayatollah Khomeini's son-in-law said on State radio that the oil chief did not have the confidence of Iran's unofficial head of state, directly contradicting a recent statement by Dr. Mehdi Bazargan, the Prime Minister.



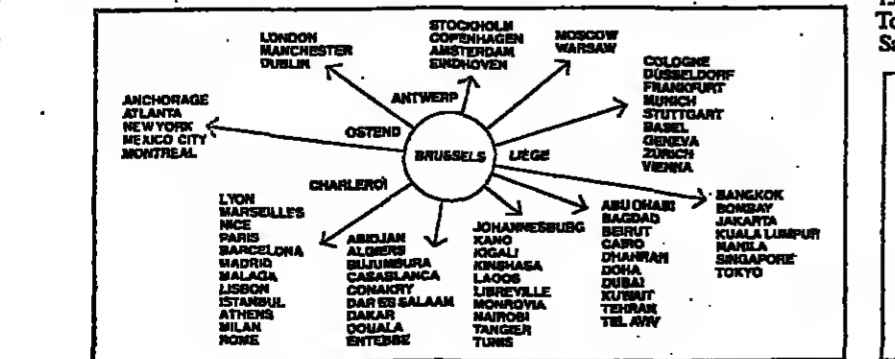
Sabena's proposal

An unhurried airport at the centre of a busy international network

A privileged location Sprawling, overcrowded airports are all too common in Europe. Brussels Airport is a welcome exception. Although centre of a vast international network, it maintains a human dimension by grouping all services within a single terminal, thereby eliminating bus transfers and long walks through endless corridors. As the hub of Western Europe, Brussels Airport is geared to the needs of transit passengers, so crowds are

smaller, queues are shorter and baggage handling quick, reliable and efficient. The Sabena network Founded in 1923, Sabena the Belgian airline was already operating regular flights to Central Africa as early as 1925. Today, Sabena carries over 2 million passengers annually to some 75 destinations in more than 50 countries around the globe. From the UK, Sabena offers you 99 passenger and 17

cargo flights per week from London and Manchester to Brussels, Antwerp, Liège, Charleroi and Ostend. Brussels is also directly accessible from Birmingham and Edinburgh without having to pass through London. Manchester-Brussels This year we are proud to celebrate the 30th anniversary of our first scheduled flight to Manchester. On June 15, 1949 a DC3 "00-AUV" touched down at precisely 12.54 p.m. bringing the first 13 businessmen by air from Brussels. Today, Manchester is linked daily with Sabena's worldwide network.



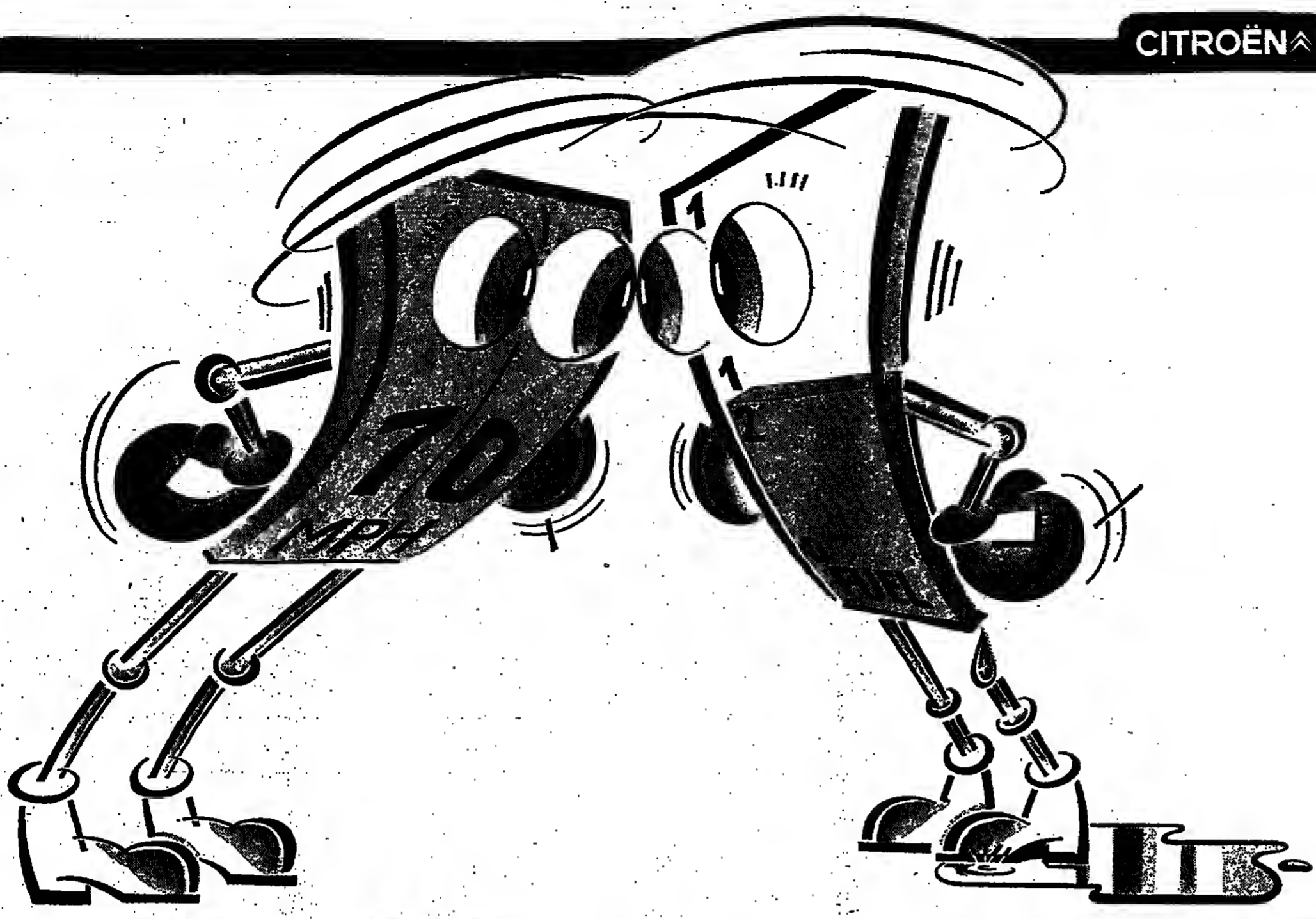
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But even in an energy-conscious world, there are still occasions when you need to eat up the miles.

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Their powerful new 2-litre overhead camshaft engine delivers effortless acceleration up to 109 mph, and outperforms virtually all of its competitors.

Yet by putting this ultra-modern engine into the aerodynamically incomparable body shape of the CX, Citroën have achieved fuel consumption figures that take some beating.

The Reflex gives 35.8 mpg at a constant 56 mph, 29.1 mpg at a constant 75 mph, and 23.5 mpg in the urban test. Acceleration and fuel consumption in the 5-speed Athena is even better (39.8 mpg at a constant 56 mph).

Despite their economy, both cars have all the touches you would expect of much more highly priced luxury saloons.

And once you get behind the wheel, you'll soon discover that unique feel which keeps Citroën so far ahead in comfort, driving pleasure and safety.

The VariPower steering makes parking and manoeuvring finger-tip easy. And yet it becomes progressively firmer with speed; and combined with front-wheel drive, ensures rock-solid roadholding and handling.

Astonishingly, while these new Citroëns fall firmly into the luxury car category, this is not reflected in their price-tags.

The Reflex costs just £5,697. And the Athena, with 5-speed gearbox and several added luxuries, comes in at an equally conservative £6,229.



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# WORLD TRADE NEWS

## Philips in new Japan drive

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

PHILIPS of The Netherlands is to expand and overhaul its Japanese marketing operations in preparation for the introduction of its video-disc equipment to the Japanese market in 1981.

The expansion includes the establishment of a new, wholly-owned sales company, Philips Kaden, short for Philips Home Electric Appliances Company. It will take over responsibility for the marketing of all Philips consumer products in Japan.

Previously Philips' Japanese marketing operation was conducted by Nihon Philips, a joint venture 75 per cent owned by Philips and 25 per cent by

Matsushita Electric, the top Japanese manufacturer of consumer electric appliances.

Philips Kaden will establish seven sales offices in major Japanese cities—instead of working entirely through wholesalers as has been done up until now. It will introduce audio equipment and hearing aids to the Japanese market, besides continuing to sell coffee makers (where Philips has a 35 per cent market share) and shavers. The company may put Philips video tape recorders on sale in Japan depending on the response to the company's new

eight-hour recording model at this autumn's Tokyo audio exhibition.

Philips says it has made steady progress in developing its Japanese sales since it entered the market in 1972, and the time is now felt ripe for a further investment in the market. The company's expectations are focused on the sale of its video disc equipment, which should make its appearance on the Japanese market in mid-1981 after being placed on sale in Europe in late 1980.

Philips says it hopes to be a close second in putting video

discs on sale in Japan. Its Japanese competitors in the initial stages are likely to include Pioneer and Sharp, which has licensed Philips' own video-disc technology. Matsushita, hitherto Philips' closest associate in the Japanese electronics industry, said yesterday it had no plans for a technical tie-up with Philips in the video disc field, nor did it have a stake in the new Philips sales company, though it retains other ties with the Dutch company.

Nihon Philips is expected to continue handling sales in Japan of products other than consumer electric appliances.

## Bahrain and Kuwait in chemicals project

By Leslie De Quillack in Kuwait

KUWAIT and Bahrain have signed an agreement to form the Bahrain-Kuwait Petrochemical Industries Company, a move that appears to be the first example of Gulf States' jointly initiating an industrial venture.

The first phase of the project, a plan to produce 1,000 tons a day of ammonia and another to produce 1,000 tons a day of methanol, will probably not be on stream for about five years. Investment in this phase is estimated at Bahrain Dinar 140m (£170m) of which 50 per cent will come from the capitalisation of the company itself—50 per cent each from Kuwait and Bahrain.

The project will be located at Sitra, Bahrain, and will use Bahrain's abundant supplies of natural gas as feedstock at the rate of 70m cubic feet per day. The products will be exported, probably to South Asia and China.

Kuwait's state-owned Petrochemical Industries Company (PIC) will represent Kuwait's interest in the new company while the Bahrain National Oil Company (BANOCO) will represent Bahrain. The agreement to form the company was signed on Saturday by Kuwait's Oil Minister, Sheikh Ali Khalifa al-Sabah, and Bahrain's Minister of Development and Industry, Mr. Amir Behbehani. Deputy Managing Director of Planning and Development for PIC, said that an already completed feasibility study of the initial project had shown "very encouraging results."

He emphasized that the agreement did not limit the company to the manufacture of the initial two products. "It can at later stages go down stream," he said.

## NEWS ANALYSIS—NIGERIAN CONTRACTS Boost for British morale

BY MARTIN DICKSON

SIGHS OF relief will be going through many a British boardroom today as the news that Nigeria has apparently lifted its embargo on UK companies tendering for major federal Government contracts.

The embargo was imposed in June in a clear attempt to prevent Britain moving towards recognition of the Muzorewa Government in Salisbury. It seemed to have been lifted as a result of the joint strategy on Rhodesia agreed by countries attending the August Commonwealth conference, including Nigeria.

Neither the imposition of the ban nor its lifting have been publicly announced by the Lagos Government. This, coupled with the fact that the measure appears to have been applied selectively, makes it difficult to quantify the effects on British trade with Nigeria, which was the market last year's largest export market for the United Kingdom.

One major tender affected by the ban was a bid by a British consortium—comprising Costain Balfour Beatty and Cementation International—for the design and construction of Onne port, in eastern Nigeria. This deal was unofficially estimated to be worth £120m or more.

Although no contract has yet

been signed for the development of the port, there seems only a slim chance now of the British consortium getting back into the running, since negotiations with other companies on the shortlist have moved forward substantially in the past three months.

Two more major British tenders affected by the embargo concerned Nigeria's plans to modernise its railway system and to install a sophisticated air defence system. It is not yet clear whether the lifting of the ban will give UK companies a chance to secure these contracts.

The embargo clearly hurt Britain, but its effects were ameliorated by two factors. Firstly, it was not imposed with the same rigour by all federal ministries, some of which continued to accept British tenders for certain contracts.

Secondly, it did not apply to tenders by British companies for contracts with Nigeria's 19 states, which finance much of the country's development work. Against this, however, the embargo is likely to have had a detrimental psychological effect on Anglo-Nigerian trade, meaning both sides think twice before plunging into import-

export deals. One of the most important effects of the lifting of the ban is likely to be the removal of this atmosphere of doubt.

Whatever the cost of the embargo, the effects of the move pale in comparison to two major blows which have hit Anglo-Nigerian trade during the past year.

One is the 18-month-old recession from which Nigeria is only now recovering. This forced the Lagos Government to impose tough import controls in its 1978 budget, which have yet to be lifted.

The second is the introduction last January of a scheme of pre-shipment inspection for goods bound for Nigeria. Although this is now working fairly smoothly, administrative hiccups in the first few months of operation reduced Nigerian imports to a trickle.

These developments have reduced every country's trade with Nigeria. In Britain's case, the Nigerian market might be worth £600m to £700m this year, compared to over £1bn in both 1976 and 1977.

However, with the Nigerian economy now recovering, the country remains a vital British export market, a point which the lifting of embargo reinforces.

## Sharp rise in imports of intermediates

BY OUR FAR EAST EDITOR

JAPAN'S imports of "intermediate materials" such as steel, copper ingots, cotton yarn and processed timber have begun to boom this year while imports of unprocessed primary products are slowing down, according to a report published by Mitsubishi Bank.

The new trend, which is causing serious concern to primary processing industries in Japan, reflects changes in the competitive balance between Japanese industry and industries in a number of developing or resource-producing countries. It also reflects action taken by a number of countries to ban the export of unprocessed products.

The Mitsubishi report says that Japan's steel exports grew by 23 per cent during the first five months of 1979—admittedly from a very small base—while imports of iron ore rose by around 10 per cent. Cotton yarn imports were up 92 per cent against a rise of less than 10 per cent for raw cotton. In the case of copper, an 88 per cent rise in ingot imports contrasted with virtually flat imports of ore.

Another important sector in

which imports of intermediate products have risen fast is petroleum-based synthetics. Imports of plastic and synthetic yarns rose 40 to 60 per cent during the first five months of

1979 over the same period of 1978 while crude oil imports fell slightly.

Mitsubishi Bank says that Japan's imports of intermediate products used to consist of

specialised items or of goods for which a temporary shortage had developed. This year, however, imports have been growing across the board.

Even in industries where the market share of imports is relatively small, such as heavy steel plate for shipbuilding, imported products have begun to act as price leaders, forcing price adjustments by Japanese producers.

Japanese industry, however, has had to abandon the practice of selling at a loss in its home market in order to counter an influx of imported intermediate goods.

Countries which have adopted administrative measures to force Japan to switch from the import of unprocessed to partially processed primary products include Zambia (copper), Peru and Mexico (zinc) and Malaysia, The Philippines and the U.S. (timber).

Developing countries have the intermediate products imports boom, increasing their sales to Japan last year by 43 per cent, compared with a 31 per cent gain in imports of semi-processed products from advanced countries.

## China expected to get cheap long-term finance

TOKYO—JAPAN IS expected to grant China a long-term low-interest Government loan later this year to help its industrial modernisation programme, Finance Ministry officials said here.

However, the loan will probably not be as large as the ¥1.21 trillion (\$2.5bn) requested by Chinese deputy premier Gu Mu during a recent visit to Tokyo. Japan will ensure that its size is not out of proportion with the Government's economic aid to the association of South East Asian nations, the officials added.

The Tokyo Government expects the Development

Assistance Committee of the Organisation for Economic Cooperation and Development (OECD) to classify China as a developing nation, which would qualify it for a loan from Japan's Overseas Economic Cooperation Fund, officials said.

Loans from the fund are usually for up to 30 years at annual interest rates of about 3 per cent. However, some Japanese officials are suggesting that China should pay higher rates, the Finance Ministry commented.

A Japanese Government team is expected to visit Peking shortly to survey the eight projects, Reuters

# Many people know Control Data for computer personnel training. Now you are offering education services to business and industry. What exactly are these services?

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Neil Spoonley, UK Director of Education Services, answers questions about Control Data and Education.



Queen's Award for Export Achievement  
beld by Magnetic Media Manufacturing Division



## \$155m new orders for McDonnell Douglas jets

BY MICHAEL DONNE

MCDONNELL DOUGLAS has won new jet orders for DC-10 wide-bodied and DC-9 narrow-bodied aircraft worth more than \$155m (£73m).

Mexicana Airlines has signed a contract for two DC-10 jets, for delivery in 1981 and worth \$85m. The aircraft will use U.S. General Electric CF5-50 engines specially adapted in the C2-F version for the high-altitude and hot weather take-offs and other operating conditions prevalent in Mexico.

Sr. Manuel Sosa de la Vega, president of Mexicana, said the DC-10s would be used on existing and new, planned routes. Last year, Mexicana carried more than 5m passengers, the first Latin American airline to

do so in a single year.

Midway Airlines of Chicago, has agreed to buy five DC-9 Series 30 twin-engine jets, and to lease five Series 10s, worth more than \$70m. Delivery will begin in 1982.

AP-DJ adds from Hong Kong: Thai Airways has signed a \$70m syndicated loan with a group of international banks for the purchase of three Boeing 747-200 B aircraft. The Chase Manhattan Bank said the loan consists of two portions—\$47.3m for commercial bank financing and \$23.7m covering the down payment for the aircraft. In addition, the U.S. Export-Import Bank has provided a credit of \$8.7m for the purchase.

## Finland signs new Soviet trade pact

MOSCOW — Finland and the Soviet Union have signed a \$140n (£9.3bn) agreement covering trade for 1981-85.

The framework agreement allows for an increasing of 40 per cent in Finnish-Soviet trade, compared with the present five-year period.

Some two-thirds of the new agreement represent energy products, and the Soviet Union will step up oil deliveries to between 7.5m and 8m tonnes a year over the five-year period, from the current 7m, Reuters

## Ships to be 'stretched'

HAPAG-LLOYD, the West German shipping company, is to convert three of its general cargo vessels for use as mixed general cargo/container vessels.

The Friesenstein, Holstenstein and Schwabenstein are to be lengthened by 45 ft to provide extra hold, which will give the vessels capacity to carry 316 international standard 20-ft containers.

The work on the first vessel, to be carried out at the Thyssen-Nordsee-Werke yard, at Emden, will be finished in February.

The decision to convert the vessels is comes at a time when there is overcapacity in the

## UK sales thrust in China

BY OUR AEROSPACE CORRESPONDENT

A MAJOR effort by the UK aerospace industry to boost sales to China will be made at an Aviation Equipment Exhibition to be mounted in Shanghai from March 27 to April 5 next year. It will be the first such exhibition in China by any foreign aircraft industry.

Already, 65 companies in the UK, for delivery, all members of the Society of British Aerospace Companies and ranging from British Aerospace and Rolls-Royce to small equipment makers, have agreed to participate.

The exhibition will be supported by a symposium for which nearly 100 papers have already been submitted. The exhibition will also coincide with the start of British Airways' scheduled passenger services into China, due next April 1.

Described by the SBAC as the most ambitious independent

overseas sales effort yet undertaken by British aviation, the exhibition will involve a special airlift of exhibits, ranging from full-scale Rolls-Royce RB-211 aero-engines to large-scale models of aircraft, helicopters, hovercraft and spacecraft.

Among examples of British electronics and equipment to be shown will be radars, landing gear, navigation and air traffic control aids, complete flight systems, cockpit displays and flight simulator presentations.

The target is not only the Chinese Civil Aviation Administration (CAAC), which is expanding both domestically and internationally and is thus expected to buy several hundreds of new aircraft over the next 20 years, but also the military authorities.

The potential market for aviation equipment in China over the next 20 years is seen as not less than £1bn for aircraft and associated systems.

## AUSTRALIA'S SMALL EXPORTERS Success in specialised markets

BY CHARLES SMITH

AUSTRALIA EXPORTS half of 1 per cent of the manufactured goods that circulate in world trade and is usually reckoned to be uncompetitive in most conventional industries. This has not prevented a handful of businessmen from selling some unlikely things in some surprising markets. A case in point is 35-year-old Mr. Des Hockley, who dived tools ten years ago in the Adelaide engineering shop where he was a fitter and turner and now sells A\$4m (£2.1m) worth of aluminium alloy wheels in markets as far afield as the West Indies, Malta and Japan.

Mr. Hockley's overseas sales are almost half of his output and have more than doubled in the past three years. In future his company, Cheviot Industries, will be making more wheels outside Australia (in places like Malaysia and Taiwan) than at its base outside Adelaide.

Cheviot got where it is today as an exporter, mainly because it was the first company in Australia to see the approach of what has since become a major growth area in the motor components industry. Aluminium alloy wheels cost more than conventional steel wheels for cars but are three times as durable and half as heavy—besides looking more attractive.

The first customers were teenagers who wanted to "jazz up" their cars in the late 1960s but now more and more motor manufacturers fit them as original equipment. Cheviot's Aunger wheels are fitted on the Sigma, a four-cylinder car designed by Mitsubishi Motors and built by

Chrysler Australia which is now the most popular medium-sized car in the Australian motor market. They are also used by Ford on its "up market" models and the fashion is spreading to more conventional models.

Apart from being first in the field Cheviot claims to have done well firstly because it has stuck to producing a quality (and therefore expensive) product in what is still a fairly limited market and secondly because of its gruelling travel schedule its directors set themselves. Des Hockley and his right hand man (the company only has two directors) spend six months of the year travelling and claim to have held most of their "Board meetings" in hotel bars besides doing the entire costings for overseas investment projects on long distance air trips.

Cheviot's strategy overseas is to spread its markets—it currently has about 20—and to move rapidly into local production in areas where a combination of high import tariffs and market potential seems to make this worthwhile.

Its most recent venture is a A\$1m wheel machining plant in Malaysia which will be vertically integrated to include casting after a running-in period of 12 months. Mr. Hockley chose Malaysia (rather than Singapore) for his plant because of a 40 per cent import tariff in the Malaysian market compared with tariff free entry into Singapore. He expects to ship 70 per cent of his Malaysian output to neighbouring South East Asian markets including Singapore, Thailand and the Philippines.

One of the Ironies of Cheviot's export success (and a reason why the company feels that it may even be able to succeed in difficult markets like Japan) is the fact that shipping wheels to regional markets in South East Asia, or farther north, is usually cheaper than shipping them around Australia. "We can land our wheels in Japan for far less than it takes to ship them to other Australian states," says Cheviot's Financial Director "because in Australia we are shipping low volumes to a proliferation of outlets."

Another factor which Cheviot has going for it, in both the home and overseas markets, is the reputation of the Standards Association of Australia whose "mark" commands respect particularly in South East Asia. Cheviot's policy on labour relations is "not to have any unions" although the company does in fact have one (the Australian Society of Engineers) at its Adelaide plant. In contrast with the multi-union, strike-prone character of much of Australian industry Cheviot has yet to lose a day's work through labour disputes.

Relations are good, says Mr. Hockley, because my workers appreciate the fact that when I started I was die-maker, delivery boy, floor sweeper, paymaster and hook-keeper."

Mr. Hockley and his co-director have few good words for other Adelaide businessmen, the majority of whom they see as being "far too negative" about exporting. Their own business philosophy is simple: "If you don't try anything new you may not fail, but you certainly won't succeed."

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# Carter seeks to erode Kennedy's New York base

BY STEWART FLEMING IN NEW YORK

PRESIDENT CARTER visited New York yesterday, ostensibly to promote his energy programme, but almost certainly also with the objective of trying to gather support in the city for next year's Presidential elections.

But there is universal agreement here that should Senator Edward Kennedy finally decide to challenge the President for the Democratic Party's nomination next year, both New York City and the State are likely to be a Kennedy stronghold.

In his meetings with community leaders following an address to the American Public Transit Association, and subsequently at a "town meeting" in the sprawling New York borough of Queens, Mr. Carter was expected to take the opportunity to emphasize the help his Administration has rendered the financially stretched city.

Last week the White House asked New York's mayor, Mr. Edward Koch, to provide a list of pending federal legislation grants and other actions that would be helpful for New York, which is still facing a protracted struggle to balance its

budget and overcome the threat of financial crisis. The mayor's officials have denied that the White House request for information was tied to the President's visit.

The President and his campaign strategists are aware, however, that in the 1976 Presidential election Mr. Carter only narrowly managed to carry New York, and that his victory here was vital in securing his election. But since then the large black and Hispanic populations in the city have been disappointed by what they see as the President's failure to fulfil campaign promises to minorities. The powerful labour unions in New York share some of these reservations.

Even the President's own chief supporters in the state, Mr. Joel McCleary, his campaign co-ordinator, and Lieutenant-Governor Mario Cuomo, have publicly conceded that the President is weak in New York. Mr. McCleary is reported to have remarked that outside his home state of Massachusetts, New York is one of the states in the U.S. whose political structure is most favourable to Senator Kennedy.

# Kim Fuad reports on Venezuelan plans for a 'Ruhr in the jungle'

## Political question mark over steel expansion

A CLOUD of political controversy has enveloped Venezuela's ambitious plans to transform the California-sized Guayana region into a tropical Ruhr through steel, aluminium and hydro-electricity production, financed by the torrent of petro-dollars that began to flow into the country in 1974.

SIDOR, the Venezuela state steel company, took a major step at mid-year toward its 1984 goal of increasing output nearly fourfold to 4.8m tonnes with the coming on stream of the largest sponge iron complex in the world. But the opening ceremony earlier this month was discreet and subdued.

Since taking office in March, the Social Christian Government of President Luis Herrera Campesin has zeroed in on the state capitalism that characterised Sr. Herrera's populist predecessor, Sr. Carlos Andres Perez. The accelerated industrialisation of Guayana, into which Sr. Perez pumped over \$10bn, has come in for particularly strong criticism, with the Herrera administration claiming widespread mismanagement, delays and cost over-runs.

The new government, however, has failed to temper its attacks with a clear new industrialisation policy. So far, it has grudgingly said it will press ahead with major projects

already under way, but plans to halt a number of projects that failed to get off the drawing-board under the Perez administration.

As a result, the once-irrepressible enthusiasm of Guayana planners has been replaced by a cautious defence of the country's traditional goal of lessening overwhelming reliance on oil income through diversification of the economy.

### Vicious feuding

The Guayana controversy is a reflection of the vicious feuding between Venezuela's two major political parties, Sr. Herrera's "Copei" and Sr. Perez's Social Democratic "Accion Democratica" (AD). Observers fear that it could cause lasting damage to the two-party system which has been the basis for democratic rule in Venezuela since 1958.

The Herrera administration has vowed to halt the 16.5 per cent annual growth in fiscal expenditures, but most observers doubt this can be achieved in view of the state's huge role in social welfare for the near 14m population.

A number of respected economists predict that within a few years, Venezuela oil income will be totally absorbed by ordinary fiscal expenditures. Capital outlays for industrial

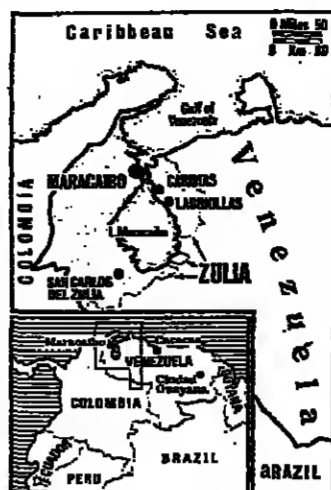
development such as Guayana may have to be financed by foreign borrowing. With the official public debt running near \$12bn, further borrowing is likely to arouse public opinion in a nation with an historic aversion to foreign debt.

Sr. Luis Ugueto, the Finance Minister, who foresees a budget deficit of more than \$4.3bn for 1980, says that an additional \$10bn must be invested in steel and hydroelectric development in Guayana.

But political considerations aside, Guayana development has become a necessity in terms of helping to create jobs for some 800,000 Venezuelans entering the labour market by 1994.

Venezuelan consumption of steel, the largest in Latin America for its population at 292 kilograms per capita a year, fully justifies not only present expansion, but also plans to raise output to 15m tonnes before the end of the century, according to Dr. Edgar Marshall, president of Sidor. Venezuela will import 1.5m tonnes of steel this year, and with demand doubling every seven years, can consume all the steel it produces.

Venezuela's decision to go for sponge iron in expanding output from 1.2m to 4.8m tonnes in Guayana was dictated by a conjunction of favourable factors, including reserves of 2.5bn tonnes of high grade ore,



nearby reserves of 600bn cubic metres of natural gas and plans to tap the nearby Caroni River for 2,000 MW of cheap hydro-electricity by 1990.

Gas and petrochemical processes are used to purify the ore into sponge iron, which can then be smelted in electric arc furnaces.

Three Midrex modules, each producing 400,000 tonnes, which went on stream at mid-year, turned Sidor into the largest integrated steel complex in the world using direct reduction technology as a primary source of metallised iron production. The complex includes an

earlier installed Midrex module, as well as another unit using the Mexican hyproprocess. The direct reduction units are fed by two 3.3m tonne pelletising units. Sidor expects that its 10 new electric arc furnaces will be operating at 50 per cent of capacity this year, reaching full output by 1984, when the process has been fully mastered, Dr. Marshall says.

The combination of ore, gas and hydroelectric potential in Guayana made it natural to employ the sponge iron process rather than the more conventional blast furnace, which would have required scrap iron imports of 535,000 tonnes a year and annual coke imports costing \$100m.

### Blast furnaces

But the Herrera Administration may still decide to expand steel production by siting blast furnaces in the western state of Zulia. Although the state has substantial coal reserves, the fuel is too "young" to be employed in blast furnaces without being mixed with imported coke.

The main reason for starting steel production in Zulia would be political — it is far more heavily populated than Guayana, and its voters are staunch COPEI supporters, in contrast to their eastern rivals.

# Senate move to raise bank interest

By David Lascelles in New York

IN A BID to get Americans to save more, the Senate Banking Committee has approved a Bill to lift existing tight controls on the amount of interest which banks and other financial institutions can pay their depositors.

At the moment, commercial banks can pay a maximum 5 1/2 per cent. Under the provisions of the Bill, this would rise by 1 per cent a year till it reached 9 1/2 per cent in 1988. The Bill would also lower the minimum deposits, currently \$1,000 or more, needed to attract high interest.

The Senate Committee also approved a provision passed earlier by the House to allow banks and other financial institutions to pay interest on current accounts. At the moment, this is only possible by means of a fiction whereby depositors write "negotiable orders of withdrawal" on interest-bearing savings accounts.

Pressure for these changes has come mainly from consumers and from politicians concerned about the low level of savings in the U.S. The banking community is divided between those who see the reforms increasing their cost of funds and those who are keen to attract more savings. The savings institutions generally oppose the change.

# Political job patronage under fire

CHICAGO—A Federal judge yesterday dealt a blow to Chicago's long-entrenched political patronage system, effectively ruling that city jobs could no longer be doled out as favours by local politicians.

Judge Nicholas Bua rule in the U.S. District Court that it was unconstitutional to require applicants for local government jobs to be sponsored by a political boss or party office-bearer. He said he was preparing an injunction to halt the practice.

The patronage system was moulded by Mr. Richard Daley, the former Democratic Mayor, who at election time could call out an army of about 25,000 workers, all of whom owed their jobs to him or his party.

After Mayor Daley died in 1976, the system was perpetuated by his successors and the present mayor, Jane Byrne, found it expedient to overlook election campaign pledges to end political patronage.

Patronage jobs have been challenged in the courts before and a federal judge in 1972 decreed that city employees could not be fired for refusing to do political work.

Reuter

# Students shot dead in El Salvador

SAN SALVADOR.—Police shot dead a U.S. student and two Salvadoreans in a half-hour gunbattle in the grounds of the Presidential palace, the El Salvador Defence Ministry said yesterday.

The Ministry said the three attacked sentries at an armed forces training centre at the palace on Monday. It identified the U.S. student as William Kong from San Francisco, where the two Salvadorean students, accompanying him also lived.

In another part of San Salvador, police armed with rifles surrounded the Labour Ministry, which has been occupied by the Leftist Popular February 23 League since Friday.

Other Leftists, members of the Central American Workers Revolutionary Party, last night claimed responsibility for kidnapping Mr. Denis McDonald, a U.S. industrialist, last Friday and said they had seized another American, Puerto Rican-born businessman Fausto Buchell. They said in a communique that both men were in good health.

Reuter

# Nicaraguan junta warmly welcomed

BY DAVID BUCHAN IN WASHINGTON



President Carter greets junta members Sr. Daniel Ortega (centre) and Sr. Sergio Ramirez.

MEMBERS of the ruling Nicaraguan junta have received a warm welcome here from the Administration and in Capitol Hill, though apparently on answer yet on their request for U.S. military aid.

President Carter met three junta members — Sr. Daniel Ortega, Sr. Alfonso Robelo, and Sr. Sergio Ramirez — this week, in a gesture designed to show that the U.S. wants to embark on a new relationship with the Managua Government, brought to power in July with the victory of the Sandinista guerrilla movement over former President Anastasio Somoza.

The U.S. provided some short-term food and medical aid to Nicaragua since July, and is understood to be working with Nicaraguan officials to develop a longer-term aid package. Separately, Nicaragua is expected to open negotiations with the International Monetary Fund shortly on terms for a new standby credit arrangement.

However, one senator, Mr. Richard Stone of Florida, expressed some concern

apparently shared in some quarters of the U.S. Administration, that Nicaragua intended to aid guerrilla movements in Central America, opposing the Right-wing regimes in El Salvador, Guatemala, and Honduras. Purported links between some junta members — particularly S. Ortega — with Cuba have been questioned on Capitol Hill.

Cuba is a sore point with Congressmen at the moment, especially as Mr. Cyrus Vance, the Secretary of State, is still continuing his talks with Mr. Andrei Gromyko, his Soviet counterpart, in New York to resolve the issue of Soviet combat troops in Cuba.

This concern was behind the new compromise, struck this week between Senate and House of Representatives negotiators, on Panama Canal treaty legislation. The compromise includes the suggestion that the presence of any foreign troops, "other than those of the U.S." in Panama, would be deemed as a threat to the canal's security.

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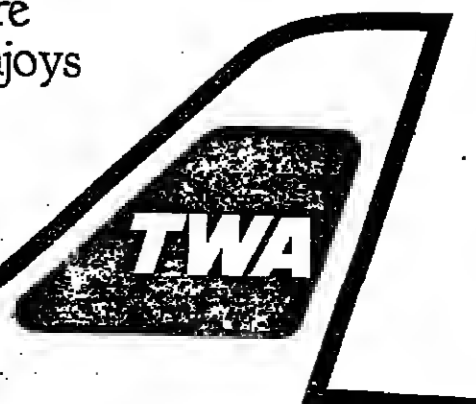
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UK NEWS

Coal mine equipment sales boost

By Maurice Samuelson
SALES OF coal mining equipment are running at a record £140m a year and are likely to stay at that level for a long time, Mr. John Mills, a member of the National Coal Board, said yesterday.
At the same time exports of mining equipment were earning £100m a year.
Opening a manufacturing unit for Gullick Dohson at Wigan, Lancs., Mr. Mills said the UK lead in longwall mining technology. It was moving into a new era of advanced technology using heavy duty coal-face equipment, with remote control and automatic devices. The capital cost of advanced technology mining (ATM) and heavy-duty face installments exceeded £2.5m each for faces of up to 300 metres long, he said.
Mr. Mills's statement was backed by Dowty Mining Equipment which, like Gullick Dohson, supplies roof supports.
Mr. Arthur Turner, Dowty Mining Equipment's managing director, said that his 1979 order book was substantially higher than in previous years, both at home and abroad.
The Coal Board also confirmed yesterday that it had reached an advanced stage in its talks with the Central Electricity Generating Board for a five year agreement to supply 750 tons of power station coal a year.

Lloyd's loan for Sasse syndicate

By JOHN MOORE
MEMBERS of the troubled Sasse underwriting syndicate, faced losses of £20.2m, have been offered another by Lloyd's of London.
The scheme, which is to be offered to all members of the 118-strong syndicate, is in addition to a loan of £7m advanced to the syndicate earlier this year. There is no limit on the latest loan and it is to be guaranteed by Lloyd's central fund, the market's fund of last resort.
The move follows a fortnight of intense negotiation between legal counsel, representing Lloyd's and counsel representing about a third of the syndicate.
Two weeks ago Lloyd's issued a writ against 30 of the members seeking a declaration in the courts that if the defendants failed to lodge with the committee of Lloyd's a certificate of underwriting account by September 30 showing that their assets were sufficient to meet their liabilities, they would be in breach of their Lloyd's undertakings.
This was followed swiftly by a counter legal action against Lloyd's and six of the agents who had introduced members to the Sasse syndicate, claiming that the agents had exceeded their authority and seeking an injunction on further payment of claims on a large part of the insurance business that was placed with the syndicate.
In a letter to the members of the Sasse syndicate, Mr. Peter Green, Lloyd's deputy chairman, says "not all names (the members) have deposited with your managing agents assets sufficient to cover the liabilities shown in the books.
"The reason for this is that some names contend that certain of the liabilities shown in the books arise out of underwriting which was never authorised by names and in respect of which names are, therefore, not liable. In these circumstances it is suggested that the liabilities in question should not be shown in the books or that names are entitled to decline to deposit assets against such liabilities."
Mr. Green adds that on the basis of legal advice the 16-strong Lloyd's committee "does not accept that any liabilities are impermissibly shown in the books or that names are entitled to decline to deposit assets against such liabilities."
The dispute is to go to arbitration before a High Court judge.
The out-of-court formula for settlement of the dispute follows the intervention of Mr. Justice Donaldson.

Sovereigns issue for public sale

By Tim Dickson
THE Royal Mint announced yesterday that it was making an issue of proof sovereigns and selling them direct to the public for the first time since 1937.
Proof sovereigns are specially made for collectors, and differ from ordinary sovereigns, which have to be sold through the hallowed part of national reserves.
The new issue has been made possible by restrictions on sale of gold coins to the public.
Until then proof sovereigns could theoretically have been sold to foreigners, but the Royal Mint was both unsure of the likely level of foreign demand, and reluctant to mint them at a time when UK collectors were deprived of the chance of buying the coins.
The mint will be strictly limited to 50,000. The new sovereigns will be sold for £75 each in the UK, and are advertised in the US, for \$128. The Mint emphasised yesterday that 30,000 of the coins would be held back for UK private investors, who would be able to purchase only two each.
Given the recent interest in gold, and the rarity of such issues, the new sovereigns are widely expected to command a significant premium.

Callaghan condemns Cabinet steel policy

By RICHARD EVANS, LOBBY EDITOR
MR. CALLAGHAN launched a fierce condemnation last night of the Government non-intervention policy for the steel industry, and warned that the British Steel Corporation was likely to have to close a major plant.
The statement, which followed a meeting of the shadow cabinet on Monday, confirmed the Opposition's intention of making the steel industry the centre point of its attack on the Government's policy towards industry in general. The opportunity for a debate is expected soon after the Commons resumes on October 22.
The Government had a major responsibility, Mr. Callaghan insisted to review immediately its financial plans for the steel industry and take new decisions based on the long term national interest rather than on the short term profit and loss position of the industry during a trade recession.
He urged the Government to intervene immediately to inform BSC that it need not take a decision to close a major plant until there had been a further review of the industry's prospects.
The Opposition clearly hopes that on consideration the Cabinet might be forced to re-review its intention to sell off part of the British National Oil Corporation.

Triplex cuts may cost 450 jobs

By LISA WOOD
TRIPLEX, the Pilkington subsidiary which manufactures most of the windscreens for British cars, yesterday announced cuts which could cause more than 450 redundancies.
At part of a rationalisation programme there are to be cuts at three plants: Kings Norton in Birmingham, which makes laminated and Ten Twenty windscreens; Eccleston in St. Helens, Lancashire, and Larkhall, near Glasgow, both of which make toughened glass.
One of the first plants to be affected will be Kings Norton where there is to be a 15 per cent cut in jobs in administration, research and engineering.
At Eccleston and Larkhall, site managements are reviewing manning in the light of the decline in volume. Triplex said there would be losses of jobs.
The company, which had a turnover of nearly £60m last year, has said the need for cuts is due to its uncompetitive productivity as well as the rise in imported cars. It forecasts a drop of 15-20 per cent in the major industry's demand for toughened glass next year.
Mr. John Pashley, managing director, said: "Our position typifies the component maker whose chief market—the British vehicle assembly industry—is declining. With more and more cars imported, and car makers buying much of their glass overseas, UK demand for our products has nearly halved in a decade."
Triplex, which employs nearly 3,000 workers, controls about 80 per cent of the UK market for toughened and laminated glass.

£10,000 Liberal appeal to fund case to challenge voting system

By ELINOR GOODMAN
THE LIBERALS, in Margate for conference, are to launch a £10,000 fund-raising campaign to finance their suit against the British Government in the European Court of Human Rights.
The petition, challenging the Government for knowingly discriminating against the Liberals by using the first-past-the-post voting system, was posted to Strasbourg yesterday. Party delegates greeted the decision to go to the court with delighted applause.
Details of the case, showing how Liberal voters have been deprived of Parliamentary representation by the present system, will be sent to the European Commission of Human Rights within the next few months.
The party executive hopes the commission will decide whether the case is admissible by next spring.
If it decides the party has a case, two leading counsel in European law have advised—pressure will be on the British Government to reach some out of court settlement.
To satisfy Liberals this would presumably have to be some move towards recognising the case for proportional representation, though both Mrs. Margaret Thatcher and many of her Tory Party colleagues are strongly opposed to it.
Mr. Geoff Tordoff, party chairman, said yesterday the decision represented a "full frontal attack on the wretched British electoral system." The party had always believed in the rule of law and was perfectly justified in using the European Convention of Human Rights to further its case.
Conference delegates—many of whom have long regarded proportional representation as the Holy Grail of British politics and were deeply disappointed when the party failed to extract it from its pact with the Labour Government—were clearly delighted that the party had found a way of keeping the issue in the public eye. The move is seen as an ingenious way of putting moral pressure on the Government and possibly even forcing it to change the system.
European Court powers to enforce a ruling are limited but it would clearly be embarrassing for the British Government to be seen to ignore a convention it has itself signed.

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German car parts makers expanding

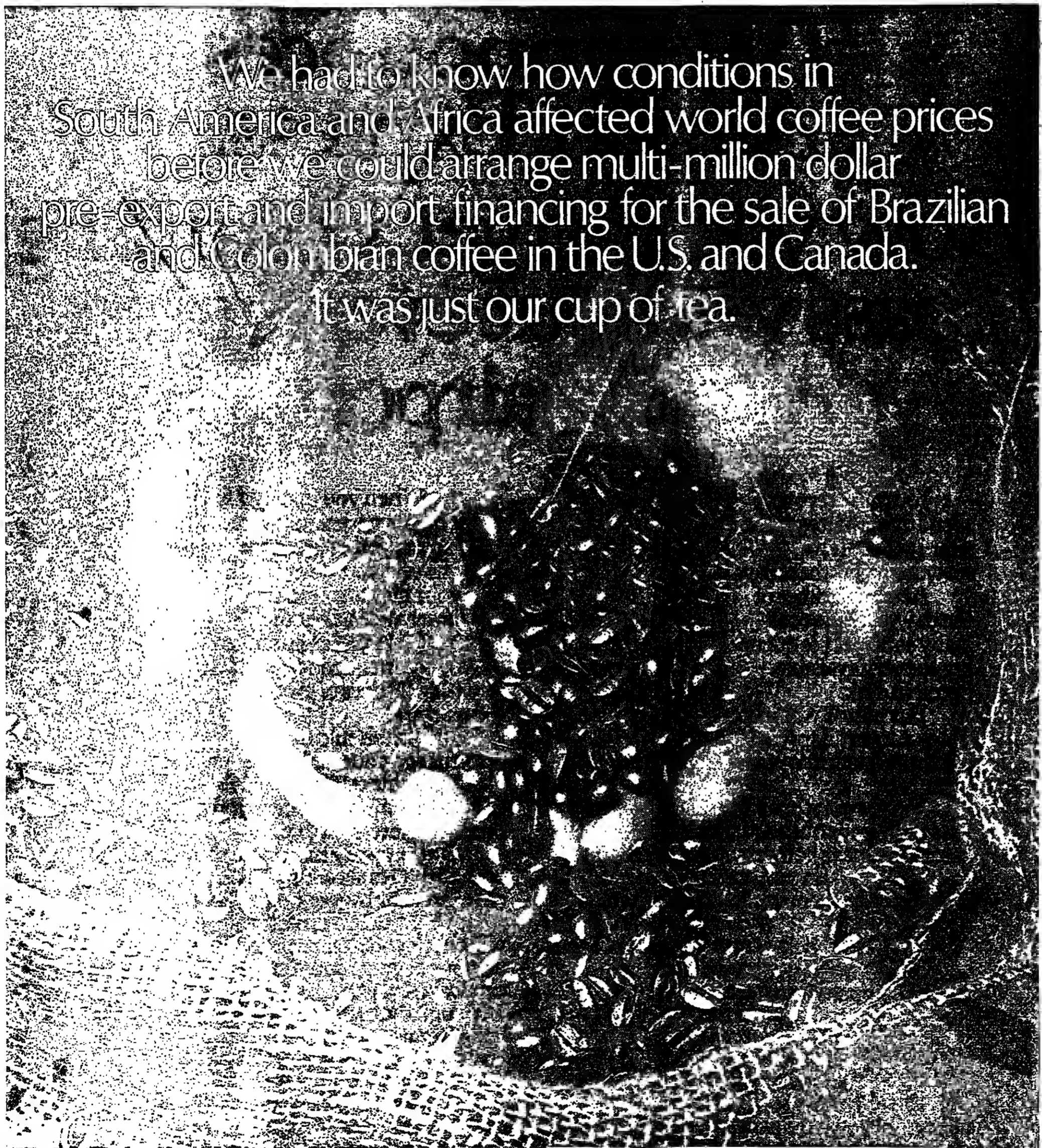
By Kenneth Gooding, Motor Industry Correspondent
TWO LARGE West German automotive component groups—Robert Bosch and Zahnradfabrik Friedrichshafen (ZF)—have announced expansion projects in the UK.
ZF Gears (Great Britain) of Beeston, near Nottingham, is to spend around £2m over the next two years to support sales to UK truck assemblers.
ZF's UK sales have jumped from £2m in 1973 to £10m this year and Mr. T. R. J. Reast, managing director of the UK subsidiary, maintains: "We have the potential to double that in the next three to four years."
He expects the biggest growth to be in the supply of ZF power steering systems for both trucks and cars. The supply of automotive components—including transmissions—should continue to account for around 60 per cent of ZF's UK sales.
The turnover of Robert Bosch's UK sales subsidiary last year reached more than £15m mainly through sales of sparking plugs, wiper blades, Blaupunkt car radios and power tools.
Yesterday the Bosch UK subsidiary formally opened its new premises at Watford, Herts., adding about 50 per cent to workshop and office space.
In 1978 the UK imported automotive products valued at £1,045bn from West Germany, and exported similar items worth £330.4m.

Car group may open factory in Ulster

Financial Times Reporter
THE NORTHERN Ireland Development Agency is understood to be nearing agreement with a British specialist car manufacturer in Ulster, have been negotiating with Panther for several months about the possibility of its producing two of its range of vintage style sports cars there.
Panther's hand-built cars, including the Lion and the De Ville, sell at the top of the specialist car market. It makes 700 cars a year and has a turnover of about £4m.
Production in Ulster may start by the middle of next year, which suggests that the company is considering moving into existing premises, probably a Government-owned advance factory.

Conference clash on N. Ireland

THE DIVISIONS in the Liberal Party over Northern Ireland surfaced embarrassingly early in the party's assembly yesterday when the newly-appointed Northern Ireland spokesman threatened to resign if a Young Liberal move to commit the party to withdrawing troops from the province was accepted, writes Elinor Goodman.
Mr. Stephen Ross attacked the Young Liberals and their ally in the Parliamentary party, Mr. David Alton, MP for Edge Hill, for talking "total nonsense."
The issue will be debated tomorrow when the Young Liberals will support an amendment committing the party to fixing a date for replacing the troops with a United Nations force.
Mr. Ross, MP for the Isle of Wight, will strongly resist this amendment which would completely reverse party policy on Northern Ireland.
To support their case yesterday, the Young Liberals produced a background paper describing the army in Northern Ireland as a "polarising force." No political solution was possible in an atmosphere of polarisation, it claimed.
Mr. Ross, clearly irritated by the Young Liberals' behaviour, accused them of getting their facts wrong and insulting the Army.
In the last Parliament Mr. John Pardoe, the Liberal economics spokesman, embarrassed the party leadership by calling for the withdrawal of troops. Mr. Pardoe is no longer in the House but the "troops out" call has been taken up by Mr. Alton and Mr. Cyril Smith, MP for Rochdale.
The Young Liberals themselves, however, are not united over the question.
During the debate Mr. Ross will repeat the party's proposal to set up an advisory council for the province.
Mr. Smith may also make an embarrassing intervention in tomorrow's debate on Northern Ireland.



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مركز الائحة



مركز الأناضول

# UK/U.S. tax treaty for Commons soon

BY DAVID FREUD

THE GOVERNMENT plans to put the revised UK/U.S. double tax treaty before the Commons for ratification in the next few months, in spite of protests by several big British multinationals.

The decision follows a nine-day visit to Washington and California by Mr. Peter Rees, Minister of State at the Treasury, and Sir William Pile, chairman of the Inland Revenue.

The move is likely to anger the group of British multinationals, including BAT Industries and EMI. The group has called for ratification of the treaty to be delayed until there are moves in the U.S. to curb unitary taxation in individual states.

The companies dislike this form of taxation, in use in California, Oregon and Alaska, because it bases assessments on a proportion of worldwide profits rather than local results. This can lead to heavier tax bills and be expensive in terms of providing information.

The Government considers there is nothing to be gained by making ratification of the treaty dependent on moves on the unitary tax front.

This is the case even though the Senate removed a clause last year in the treaty which prevented states from taxing British companies on a unitary basis.

The Government believes there is no chance of Federal legislation for several years that would ban states' use of unitary taxation. Delaying ratification of the treaty in the Commons—

the last step before it goes into effect—would not speed up matters.

It is more hopeful about progress in California, where hearings on a proposed bill to exempt foreign companies from unitary taxation are scheduled for November 14. However, at best this bill is likely to take two years to come into effect.

An order approving the treaty is therefore expected to be laid before the Commons before the Christmas break.

If it is passed, the Government may consider registering its disapproval of unitary taxation through an exchange of notes with the U.S., accompanying the ratified treaty. This was the move taken by the French Government in its recent tax treaty with the U.S.

# NEB selling stake in instrument group

BY ELAINE WILLIAMS

A NEW majority shareholder is expected to be announced later this week for Cambridge Instruments, the scientific and medical instrument manufacturer at present a subsidiary of the National Enterprise Board.

Negotiations on a complex financial deal to involve fresh equity from the private sector being injected into the ailing company, are now being finalised.

The NEB's role in the company—major product a scanning electron microscope—will be considerably diminished although it is unlikely the board will realise any cash from the deal this year.

At present the NEB has an 87.1 per cent shareholding in the company, valued at around £5m, and might eventually pull out altogether.

The company has a long history of government support. The Department of Industry provided a cash injection of over £4m in 1975 and the NEB has since provided nearly £5m more.

Despite this support the company has continued to lose money—last year £3.3m, in 1977 £2.94m, and this financial year—ending in June—it is likely to announce further losses of around £5m.

When the shares deal is completed there is likely to be a major change in management structure with the new majority

# Atom waste disposal 'works well'

By Lisa Wood

REGULATIONS GOVERNING disposal of radioactive waste are satisfactory, says a Government working party.

A report by the expert group of the Radio-active Waste Management Committee said the basic objectives for radioactive waste management, laid down in 1959, have worked well and resulted in very low average radiation doses to the public.

The group considered control of radioactive waste through all stages of the nuclear fuel cycle, and examined the need for accumulation and disposal of waste.

This first comprehensive review of waste management policies and practices since the Radio-active Substances Act came into operation in 1960 concludes that there is no need for major changes to the Act.

It suggested changes in emphasis to reflect developments in the past 20 years.

Waste for which there was no suitable disposal method at present could be safely stored, but research and development for all types of waste should be pursued.

This should include work on three options under consideration for disposal of vitrified high-level radioactive waste—emplacement in deep geological formations under the earth; under the sea bed; or on the deep sea bed.

# Rhodesia conference gets down to details

BY BRIDGET BLOOM AND MICHAEL HOLMAN

FOLLOWING THE dramatic all-party agreement on while representation in Zimbabwe-Rhodesia, the Lancaster House conference yesterday got down to the detailed negotiation of a future constitution.

Patriotic Front and British officials highlighted the key and controversial issue of citizenship at a bilateral meeting yesterday morning while Bishop Muzorewa's delegation discussed parallel constitutional points during the afternoon.

There were no official briefings on either private session, but it was being suggested last night that outline agreement on a constitution was still possible by the weekend.

Lord Carrington, who was due to address the UN General Assembly last night, is expected to take the chair at the conference again on Thursday, possibly for this week's first full plenary session.

After tax of £767,371 (£238,083), stated earnings per 25p share are up from 7.2p to 11.56p.

It is understood that the Patriotic Front yesterday insisted that all those Rhodesians who became citizens after the unilateral declaration of independence in 1965 would have to re-apply for citizenship after British sanctioned independence. This, it is said, could affect some 40,000 people including Britons, Portuguese and other whites.

Britain is resuming the demand on the grounds that what is needed now is reconciliation. Although the issue may have to be resolved by Lord Carrington when he returns, it is not believed that it will ultimately hold up progress on the constitution.

However, the Patriotic Front, backed by the front-line African States, is continuing to insist that a constitution can only be one part of a settlement package. Britain has agreed with this view and recognises that the second agenda item covering political and military transitional arrangements, may be reached next week.

To a bid to ease the Rhodesian deadlock, the British has agreed the way for new elections. Bishop Muzorewa yesterday warned that tonight's election of British constitutional proposals would have been postponed.

Had they not been accepted, he declared, the British have meant that Rhodesians would remain in force and would have been denied international recognition.

Calling on those Rhodesians who wanted to remain in the country, he urged them to re-examine their position. He said the British had said they had no hesitation in recommending the British proposal.

# Courtaulds in major regrouping of its weaving factories

BY RHYS DAVID, TEXTILES CORRESPONDENT

COURTAULDS IS to undertake a major restructuring of its weaving activities in the UK in an attempt to give a sharper edge to its marketing of fabrics.

The changes, part of a general change in strategy by the group in response to increasing competition, will mean a significant transfer of responsibilities to the group's premises at Braintree, Essex, home of the original group company, Samuel Courtauld.

The Samuel Courtauld company, involved mainly in filament weaving, will take over responsibility for management of the spun or cotton-type weaving activities previously run by the group's Northern Weaving Division.

Four factories in Northern Weaving, Lilyhall, Carlisle, Colne and Embassy, will form part of Samuel Courtauld and be added to its six present factories.

Six trading companies, each specialising in different fabric work, will be set up for both types of weaving and run from Braintree. The types are active fabrics, fashion fabrics, linings, household fabrics, industrial fabrics, and Hadrian (apparel weaving). A separate production headquarters for industrial

fabrics will be retained at Leigh, Greater Manchester.

The Northern Weaving Division will cease to exist as such, but a new group of five specialist converters obtaining and supplying fabrics from group factories and other sources to meet requirements of customers in the industrial garment and other industries will operate from the division's present Walkden headquarters.

The five companies are Suncourt Fabrics; Courtaulds Careerwear; Courtaulds Automotive Products; Bentley-Smith; and Lappel Manufacturing.

The new converting operation will take the title Northern Weavers, but not control any factories. Two factories in the old Northern Weaving Division, Belmont, Co. Durham, and part of the Preston works, will be passed to another new grouping, Dundee Fabrics. Courtauld's specialist manufacturers of corburoy.

No redundancies are involved in the changes, but there might ultimately be some movement of staff from the North.

Courtauld said yesterday that the move was prompted by blurring of former, dividing lines between applications and markets for spun and filament

fabrics. It made sense to have one organisation responsible for both types.

But Sir Keith Joseph, Industry Secretary, made it clear when he announced the NEB's continuing high technology role earlier this summer that he expects the board to sell its holdings in companies as well as investing in new ones.

## Lawyers' pay

THE SALARIES of lawyers employed in finance, commerce and industry in July averaged £12,390, according to a Chambers and Partners survey. Average salary for a legal assistant was £10,148, for a legal adviser £13,150, and for a senior legal adviser, £19,594.

# Philips plans video disc production in Britain

BY ELAINE WILLIAMS

PHILIPS INDUSTRIES, the Dutch electronics group plans to produce video discs in Britain. It will spend between £5m and £10m in the next five years. Details are not settled.

Philips will take over part of its subsidiary Mullard's factory in Blackburn to make video discs, which are used on a player, rather than a conventional record player, but provide programmes for display on a television set.

By the second half of 1980 the company hoped to begin pilot production at Blackburn, which makes valves and television assembly parts under the Mullard name.

Electronic valve production is a declining market and there is capacity at Blackburn for installation of disc-pressing which will require about 200 workers.

# Oil-fired power stations to open in Scotland

ONE OF the last oil-fired power stations to be built in Britain is to be opened today at Inverkip, on the Clyde estuary, by Mr. George Younger, Secretary of State for Scotland.

Oil price rises have dramatically altered Inverkip's economics, increasing its operating costs by more than third this year alone.

The Central Electricity Generating Board has three further oil-fired stations under construction, but it is unlikely to build any more. The next Scottish station, now being built at Tarness, will be nuclear powered.

**Banking aid**  
THE ROYAL Bank of Scotland is to extend its automatic banking with IBM teller terminals linked to a computer. The programme, supplements the cash-line customer terminals, which provide a 24-hour service in 40 of its 50 branches.

**Nuclear choice**  
OPTIONS FOR replacing Britain's ageing nuclear

**Societies may merge**  
THE Newcastle upon Tyne Permanent Building Society and the Grainger Building Society intend to merge. The new society, unnamed as yet, will have assets approaching £150m.

**Police record**  
WITH NEARLY 4,000 recruits in England and Wales this year, the strength of the police force is at its highest level. Mr. William Whitelaw, the Home Secretary, said yesterday. Police strength was nearly 113,000 at the end of July.

**Pensions bid**  
THE National Girobank has intensified its campaign to attract pension funds to use its facilities for paying pensions to former employees.

# North Mymms' sale total nearly £2m

SOME of the finest Brussels tapestries to appear on the market for some time were the feature of the second day of the sale of the contents of North Mymms Park, near Hatfield, organised by Christie's. A Middle Eastern private buyer was a particularly active bidder, taking most of the top lots.

The highest price was £28,000, plus the 10.5 per cent VAT and buyer's premium, for an early 18th-century Teniers tapestry of the Kermesse.

**SALEROOM**  
BY ANTONY THORNCROFT

One of a set of five Brussels from the Labours of Hercules series made £24,000, while the other four went for £22,000, £20,000 and two at £18,000 each. All total the tapestries made £310,400, and at the end of two of its four days this major house sale had realised £1,988,273.



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UK NEWS

Self-employed win Revenue admission

BY DAVID FRIED

THE INLAND Revenue yesterday admitted its statements on how it uses gross profit margins to investigate small businesses may have misled people.

Guidance

However, yesterday the Consultative Committee of Accountancy, BCCAC, issued a Revenue-approved memorandum saying:

While there was no list as such, the Revenue admitted that its guidance notes to inspectors included information on national gross profit percentages for various businesses.

The CCAB memorandum comes a day after an Institute of Chartered Accountants' digest, written by a former tax inspector, which also said the Revenue issued detailed information on gross profit margins for different businesses.

Mr. Michael Reader, the former inspector, said there would be greater understanding if the Revenue published its internal standards. The CCAB made the same point yesterday and the memorandum says the Revenue will consider what could be done.

In the memorandum the Revenue says the main use inspectors made of gross profit margins—and other business ratios—was as part of their review when considering whether to accept accounts without inquiry.

One reason for starting an inquiry will be a discrepancy between gross profit percentage shown by the accounts and the percentage the inspector would have expected to find in the light of his knowledge of the trade and of local conditions.

His judgment may be influenced by information in his guidance notes—and for some traders this will include reference to gross profit rates—but he is expected to reach his own conclusions and rely mainly on his own experience and local knowledge.

If an inquiry is started the inspector will usually want to know more about the way the business is conducted, but there is no question of applying a single national gross profit rate and insisting that this rate should have been achieved.

Need for new company 'status'

A NEW type of company called incorporated limited partnership, with a status between a partnership and a limited company has been proposed by the National Chamber of Trade.

Legislation allowing this would be needed because much company law is irrelevant to small businesses lacking public involvement, the association said in a report published yesterday. EEC proposals for harmonisation of company law within member states will exacerbate the situation, it added.

Under current law, for example, a husband and wife running their own small company must have a formal annual meeting.

Pilatus plans aircraft centre

By Michael Donne, Aerospace Correspondent

PLANS TO turn Bembridge, Isle of Wight, into a major manufacturing centre for light aircraft are being pushed by Pilatus, the Swiss company which has just taken over aircraft manufacturer Britten-Norman.

Britten-Norman was part of the Fairey Group but had been in the hands of the Receiver, Sir Charles Hardie, for nearly two years.

Pilatus, part of the aircraft branch of the automotive division of the Swiss Oerlikon-Buehrle Group, has acquired Britten-Norman for an undisclosed sum, believed to be over £10m. It has formed a new company, Pilatus Britten-Norman.

In addition to continuing production of the Islander twin-engine and Trislander three-engine light transports and Defender military aircraft, Pilatus has begun a major development programme at Bembridge.

This includes construction of a 3,000-foot concrete runway, new production hangars, and other facilities.

New types

Pilatus says that in addition to continuing production of existing aircraft—well over 900 Islanders, Trislanders and Defenders have been delivered out of nearly 1,000 ordered—it intends to introduce a range of new types of turbine-powered light aircraft.

Pilatus also intends to establish an overhaul base at Bembridge for business jet aircraft.

PREVIEW OF TOMORROW'S BY-ELECTION

Local issues crucial in Manchester

BY RHYD DAVID, NORTHERN CORRESPONDENT

THE SITTING MEMBER for the densest constituency in England was how Mr. Harold (now Lord) Lever was once introduced to a meeting, a story he himself is fond of telling. Densely populated Manchester Central may once have been, but the seat, where a by-election will be held tomorrow following the elevation of the former Labour Cabinet Minister to the peerage has since changed in character.

The tightly-packed streets of back-to-back houses which grew up alongside thriving textile, chemical and engineering factories in the area have now been comprehensively cleared. In their place, the districts within the constituency have been completely rebuilt as modern and in some cases not so modern council estates. Only a few small pockets of private sector housing, much of it either receiving or in need of improvement, are scattered throughout the area. It also comprises as well the shops, offices and banks of Manchester City Centre.

The rebuilding of Manchester Central unfortunately produced as many problems as it solved. Although there are some successful residential developments a number of post-war blocks are already being demolished, basted to an early demise by dissatisfied tenants and vandals.

Bureaucracy

General dissatisfaction with housing has driven out the more mobile skilled workers, who, in some cases commute back to work in the area. Many of the estates have become a reservoir of the unskilled, the old, and of single-parent families. Thus, in some parts of the constituency unemployment runs well into double figures.

Various projects to stimulate the economic revival of the area have been put forward by the inner city partnership—the joint organisation set up by the Labour Government. But these will take some time to bring results, and the fear remains that many of them will have to struggle with bureaucracy.

All of which has conspired to ensure that Manchester Central is being fought on essentially local issues such as the time it takes to get the direct works people to do repairs and the effect of the Government's expenditure cuts. In the choice of candidates, the parties have gone for grassroots experience.

Labour's candidate, Mr. Robert Litherland, an ex-print worker, was chosen to prefer to three former MPs, has been a stalwart of Manchester City Council and, appropriately enough in an area which must contain one of the biggest concentrations of public housing in the country, is chairman of the city's direct works committee and deputy chairman of the housing committee.

He admits that he is likely to be a very different type of constituency MP from Harold Lever, who was already under some attack from the local party for alleged "rottenness" before the last election.

The Conservatives have picked Mr. Steve Lea, a Greater Manchester councillor and a candidate able to demonstrate to the electors just how much can be done by Josephite self-help and entrepreneurial initiative. Several years ago, he left his



Robert Litherland (Labour), canvassing.

employment with a big company to set up his own computer business and now employs seven people.

Mr. Lea admits he is under strong attack from his opponents on spending cuts which are likely to bear significantly on many of the constituents of Manchester Central. He is countering however by pointing to alleged extravagance by Labour-controlled Manchester City Council, in particular its plan to build an "ice palace"—the proposed national ice skating centre. The cost is put at £18.6m but the true cost, including debt charges, will be £33m.

The Liberals as ever have been trying to rise above the tribal noises on either side with dogged advocacy of incomes policy, industrial co-ownership and the like, but they have been bampered by the late entry of their candidate, Mr. Tony Parkinson, a 42-year-old local solicitor. There are suspicions that he was undecided over whether to stand, fearing a poor result, but he points to the three seats which the Liberals have had since May on the City Council.

He has had to make do, however, without the usual last-week influx of Liberal helpers because of the party's conference.

He seems certain to be competing for some of his votes with the Ecology Party candidate Mr. John Foster, a 29-year-old teacher and disillusioned ex-Labour supporter. For the Ecology Party it is the first foray into the major cities, and Mr. Foster hopes to demonstrate that eco-policies have relevance in the harsh soil of the North-West.

Bringing up the rear will almost certainly be the Independent Labour candidate, Syed Alo Ud Din, and the legendary Bill Books (Democratic Monarchs' White Resident) who seems determined to forfeit his deposit.

The sole common ground between all these contenders is that the turn-out is likely to be low, although higher than in last week's Euro-election. It is generally conceded that with a majority of nearly 9,700 to defend, and the Government already slipping in public popularity, Mr. Litherland will soon be on the train to Westminster.

The candidates are: Syed Alo-Ud-Din (Ind. Labour); Bill Books (Democratic Monarchs' White Resident); John Foster (Ecology); A. S. Lea (Conservative); R. Litherland (Labour); Tony Parkinson (Liberal). The General Election result was:

H. M. Lever (Lab.)	14,117
E. P. Cummins (Con.)	4,413
G. M. Wilmo (Lib.)	1,032
D. S. Bentall (Nat. Frt.)	355
Labour majority	9,794
Electorate	31,794

British Caledonian expands

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN, the independent airline, is expanding its route network this autumn with new cargo services to the U.S. and Europe and a new passenger service to Oran in Algeria.

All-cargo flights between Gatwick and Atlanta, Georgia, will begin on September 23 on a once weekly basis on Saturdays and Sundays.

An overnight all-cargo service will run between Gatwick and

Amsterdam every weekday from November 1. The piston-engine DC-3 freighter will complement the cargo carried in the belly-holds of the airline's One-Eleven daily passenger flights on the route.

Passenger flights once a week between Gatwick and Oran, Algeria start on October 28, leaving Gatwick on Sunday mornings and arriving back at 18.20 the same day. The airline already flies four times a week to the capital, Algiers.

Further expansion is planned. Licence applications have been lodged with the Civil Aviation Authority for low-fare services to 19 cities in Western Europe, for Hong Kong flights via the Middle East with low stand-by fares, and for three further U.S. destinations—Denver, St. Louis and New Orleans.

An appeal has been lodged against the CAA decision rejecting the airline's bid for cheap fare services to Stockholm and Gothenburg.

Motorists' mileage drops

By Maurice Samuelson

THE RISE in petrol prices over the past six years has coincided with a steady reduction in leisure and holiday motoring in summer, according to an analysis of the habits of 4,000 motorists.

Forecast Market Research, a Unilever subsidiary, found that from 1973-78 the motorists' annual recorded mileage fell by 8 per cent. The proportion of their mileage driven between July and September dropped by 14 per cent.

Favivar seeks Glasgow site

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A GLASGOW development company, Favivar Property, asked the city district council yesterday for consent to develop the site of the Goodyear tyre factory as a mixed industrial and retail complex. Goodyear closed its works at Drumchapel in April with the loss of 700 jobs after workers rejected a rescue plan proposed by the management.

Since then the factory and the rest of the 54 acre site has been on the market, but has not attracted industrial interest.

Although there have been some suggestions for purely retail uses, the city council wants to see the site remain zoned for industry.

Favivar proposes to build 100 small factory units of 500 sq ft and larger, similar to those built and let by the British Steel Corporation and the Scottish Development Agency in the East End of Glasgow.

In addition, the property company wants permission for a retail estate, warehouses and leisure facilities.

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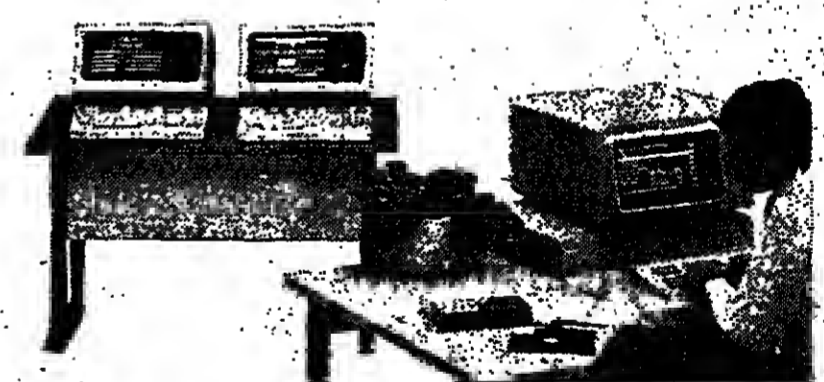
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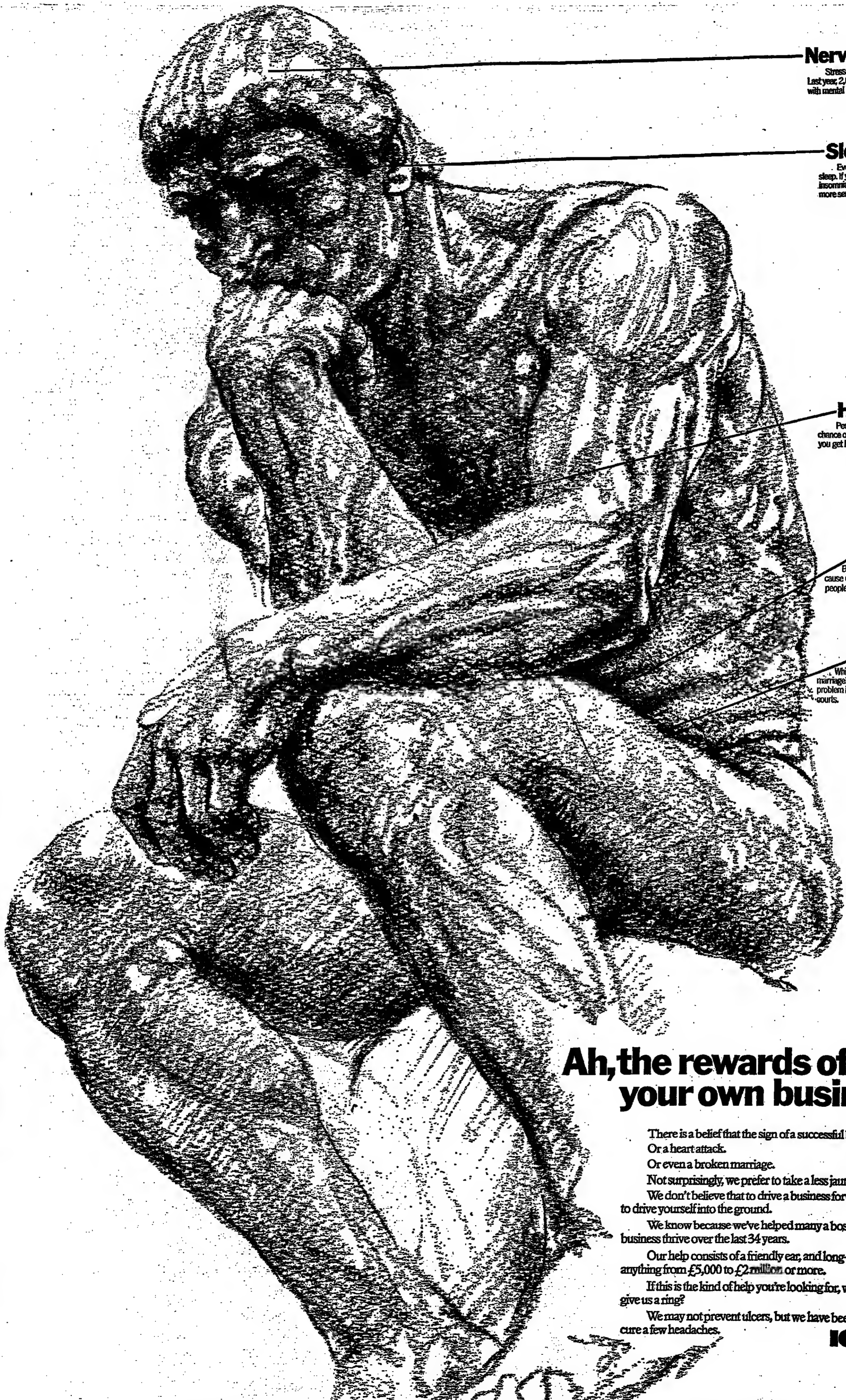
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**Sleepless nights.**

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**Heart Disease.**

People who work long, hard hours have a 1 in 4 chance of suffering from a heart attack. What time do you get home?

**Ulcers.**

Businessmen suffer stress. Stress is a known cause of ulcers, and last year more than 68,000 people suffered from them.

**Divorce.**

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# UK NEWS—LABOUR

## Big rise offered to lorry drivers

BY NICK GARNETT, LABOUR STAFF

LORRY DRIVERS in the area of the country due to settle first in the current pay round have been offered a substantial pay rise which might be near last year's 22 per cent deal.

The offer, made to negotiators for more than 3,000 drivers in west Yorkshire by the local hauliers' federation for Leeds and Bradford will be put to a mass meeting of drivers on Sunday. Union officials appear confident that the offer will be accepted.

Area officials of the Transport and General Workers' Union believe the offer more than provides protection for earnings over the 12 months from the area settlement's anniversary date in November.

This suggests an increase on the present 554 basic that could be considerably above 14 or 15 per cent.

The proposals, however are not thought to include anything significant on reduced hours, even though Transport and General officials warned at the time of the last settlement that there would be a fight this year over the working week.

## Strike will disrupt Paddington services

By Nick Garnett, Labour Staff

RAIL SERVICES to and from Paddington, London, will be seriously disrupted from this morning by a 24-hour official strike called by the National Union of Railwaymen.

British Rail estimated that about half the services to and from the station will be cancelled, and many others delayed.

The strike, in protest at negotiations over reorganisation of working schedules in Paddington's parcels office, begins at 6 am today and is due to finish at 6 am tomorrow. Management said, however, that disruption might continue after that time, partly because rolling stock will be out of position.

Mr. Sidney Weighell, the union's general secretary, believes the disruption will be far greater than British Rail estimates and warned of the possibility of further strikes.

Staff instructed to strike today include railmen, ticket collectors, supervisory staff and guards. Guards from other depots will not cover for Paddington guards on strike.

## British Steel rejects union claim

BY ALAN FIFE, LABOUR CORRESPONDENT

BRITISH STEEL Corporation management yesterday in effect rejected a pay claim from the industry's largest union the moment it was tabled and told union leaders to go away and think again.

Iron and Steel Trades Confederation leaders went to the corporation's London headquarters to submit a claim for substantial increases when their new agreement comes into force on January 1.

Although the union has put no precise figure on the claim, BSC calculates that it would amount to at least 20 per cent, or £200m a year in cash terms.

Instead of considering the claim and replying at a later meeting, BSC officials yesterday broke with tradition and told the union leaders immediately that it was unacceptable.

"Unrealistic"

Mr. Peter Broxham, director of industrial relations, told the union negotiators that their demands appeared "totally unrealistic" and urged them to reconsider the claim against a "realistic appraisal of the corporation's ability to pay."

He reminded them that since 1975 BSC had lost £1.3bn and argued that the union's claim appeared to take no account of the magnitude of this financial crisis.

The swift and strong reaction of BSC indicates a determination to ensure that, under free collective bargaining, the Corporation's ability to pay is kept at the centre of the forthcoming negotiations. Union leaders are urging the corporation to press the Government to continue funding BSC's losses in future but it is apparent that the corporation's Board does not see this as an alternative to reaching acceptable pay settlements this year.

The ISTC claim seeks a settlement substantial enough to improve steel workers' present position in the pay league, indexation and a reduction in working hours leading ultimately to a 35-hour week.

Other elements in the claim include improvements in the position of workers at the lower end of the pay scale, consolidation of bonuses and payment of the minimum adult rate at 18 instead of 21.

### Supermarkets

● A claim for a 25 per cent rise has been lodged for 100,000 supermarket staff.

The union of Shop Distributors and Allied Workers wants a minimum rate of £55 with all other rates, including that for store managers, rising by 25 per cent.

It is also seeking a cut in the working week—from 40 to 35 hours. The union believes more jobs could be created if this was introduced.

Mr. John Flood, USDAW deputy general secretary who presented the claim to the Multiple Grocers Association, which includes: Tesco, Fine Fare, Allied Suppliers and International Stores, said there was no reason why the claim should not be met in full.

## WHY SOME COMPANIES HAVE LEFT ENGINEERING FEDERATION

### Orders come before employer solidarity

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

"WE CAN admire employers' solidarity, but our business and our customers must come first."

"I believe a company's first loyalty must be to its employees and not to the EEF."

These comments from two companies which have resigned from the Engineering Employers' Federation are straight forward explanations for the course they decided to take, and which will almost certainly be followed by some other companies in the next few weeks if there is no breakthrough in the engineering industry dispute.

Metro-Cammell is quite specific about its reasons for settling outside the EEF offer—although the company will not reveal the terms of its settlement. It has big export orders won against international competition and to satisfy these customers, it must deliver on time. The Hong Kong mass transit railway system, for which it has a large contract, is due to have its inaugural run shortly and potential customers will be watching to see that it is not delayed.

Mr. Donald Whitehouse, director and general manager, says the company took the more dignified course of resigning from the EEF rather than waiting to be expelled. So far, he has had no indication that suppliers, who are EEF members will "black" the company, and he does not expect this to be a problem in the future.

Mr. David Brown, chairman of DJB Engineering, is also confident that his company will not be blacked. It is a fairly small company employing around 600 in Peterlee, Durham, but it has expanded rapidly and exports about 90 per cent of production. The company has agreed to a 39-hour week because this was the only basis on which a settlement could be agreed. The concession amounts to an increase of 21 per cent on wage costs, and will be considered in the next pay round which is due in a couple of months.

Mr. Brown believes the issue of the 39-hour week is not one on which employers should stake as much. "The EEF has fought the shorter working week all along. But we are only debating when it should come in, and not if. Productivity is what really matters. To go on fighting on the hours issue would only have meant the employees in this company would suffer, and that perpetuates the same old situation."

Mr. Brown's views on the 39-hour week are not shared by the bulk of employers in the engineering industry but a sizeable minority believe that by making a sacred cow of the issue, both employers and unions have sown the seeds for further dissent.

The managing director of a medium-sized engineering company in the south of England says: "Both sides have tarred the 39-hour week into a political battle from which there seems to be no withdrawal. The Government knows that the public will not suffer from this strike and is, therefore, encouraging employers to show solidarity over what I believe is the wrong issue. Likewise, the unions are determined to show their muscle to a Tory Government."

This particular company is considering conceding the 39-hour week simply because it cannot afford to delay vital orders any longer. If it means leaving the EEF, so be it. But there is a strong suspicion on the part of some employers that companies have already made concessions, and not been expelled from the EEF.

Similarly, there are workers who have been prepared to compromise on their unions' demands in order to get back to work. Many companies are getting 'dispensation' from the union district committee so that, for example, the overtime ban is not being operated to the full.

Many companies are finding that some factories in a group are working normally, but others are complying with union instructions to the full. In the STC group, for example, plants in Wales and Northern Ireland are not working on the two days, while those in the south are going ahead normally.

The loss of production in the industry, however, is still substantial. The EEF estimates that 40 per cent of production is being lost, while the incal-

culable effects of the strike will be in future orders lost. Many companies already report that they have received cancellation of orders, both from UK and foreign customers. Adcock Shipley Textron, machine tool manufacturer, admits to losing orders, but stands absolutely firm on maintaining the 40-hour week. The company meets its unions today to talk about a productivity deal, and believes this will lead to a settlement of the dispute.

Most employers are undoubtedly standing firm on the EEF offer, and basically that holds down to the 40-hour week, even those smaller and medium-sized companies who see their future as growing increasingly precarious if the dispute goes on. "Some are worried about being 'blacked' if they concede the issue and have to leave the EEF; a few, however, prefer to risk this threat rather than see their companies being brought to their knees."

Mr. Brown of DJB Engineering says both the EEF and the unions claim his settlement as a victory. He cannot see how either side can make such claims—for him it is a victory for compromise.

## ITV peace talks today

BY GARETH GRIFFITHS

PEACE TALKS aimed at ending the seven-week black-out of independent television screens start again today, with the companies and the three unions involved talking about a re-packaged two-year pay deal.

The Association of Cinematograph, Television and Allied Technicians said yesterday there was still a substantial difference between what it wanted and the companies' latest offer.

ITV executives said the talks on Monday night had produced some hopeful signs. They said there had been a useful exchange of views between them and the unions.

The ITV two-year offer on Monday was worth about 85 per cent with a pay increase of 15 per cent backdated to July 1, followed by increases at six-monthly intervals of 5, 7½ and 8 per cent. But ACTT wants a guaranteed cost of living threshold agreement so that the package guarantees its members' living standards.

## ASTMS backs Dutch dispute

STAFF IN Shell's refinery and marketing divisions are being advised by the Association of Scientific, Technical and Managerial Staffs to try to prevent shipment of goods and oil to Holland.

This is in support of the strike by refinery workers at a Royal Dutch Shell installation in Rotterdam for a 35-hour week. ASTMS has submitted a similar claim.

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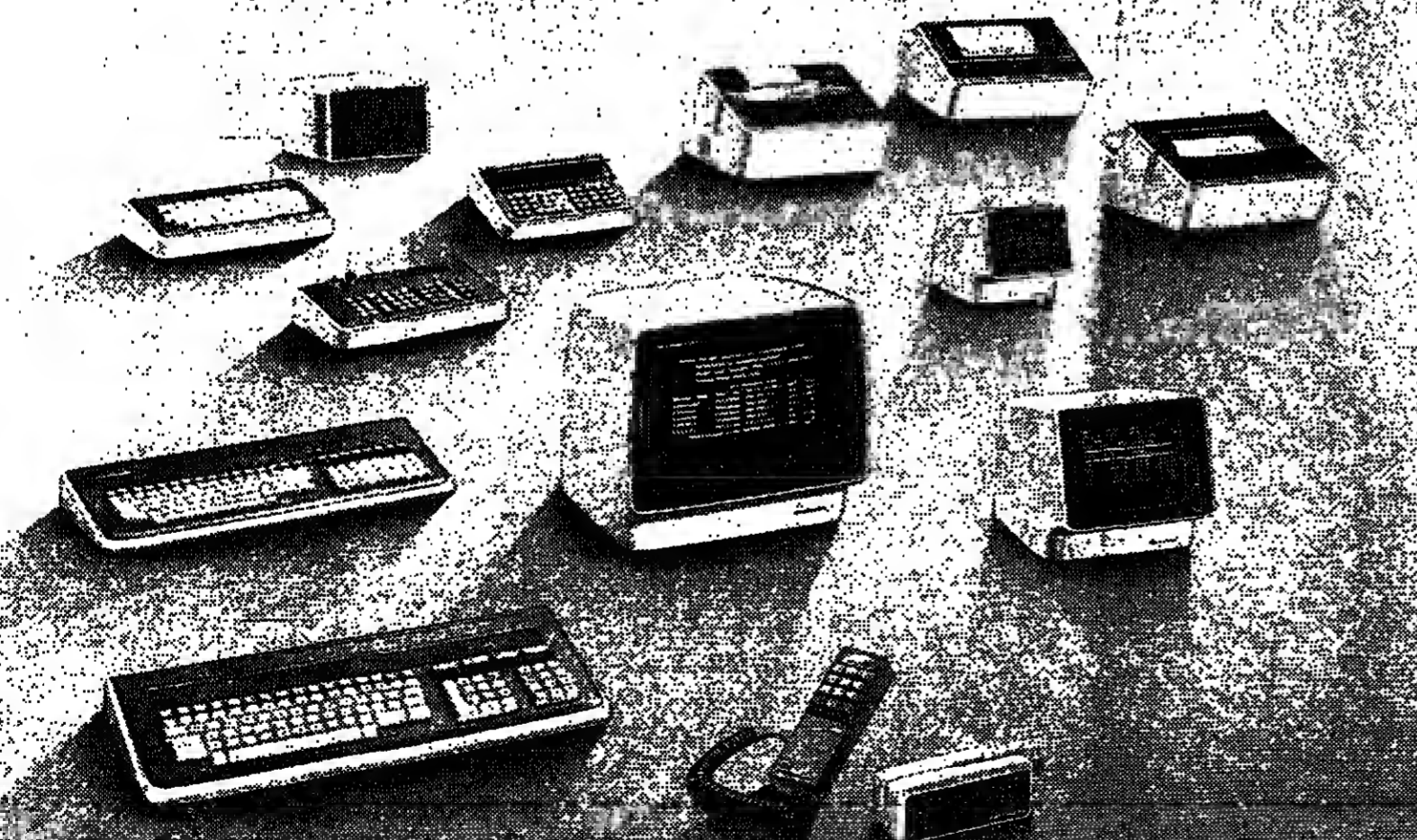
It eliminates separate communications controllers linked to your central computer. And it allows

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# Burroughs

## Prior plan to alter costs rule for industrial tribunals

BY GARETH GRIFFITHS, LABOUR STAFF

THE GOVERNMENT plans to alter the way industrial tribunals are run and to widen the rule on costs, in order to discourage frivolous and "unreasonable" claims for unfair dismissal.

Tribunals will be given power to conduct proceedings in a more flexible way and will be able to advise either party at a preliminary hearing that if a case appears weak, costs may be awarded against the party pressing the case to a hearing.

The Government wants tribunals to take into account the circumstances of a company, particularly its size when considering whether or not an employer has carried out a dismissal reasonably.

Details of the Government's proposals were published yesterday by Mr. James Prior, Employment Secretary. He has issued three working papers on amendments to employment protection legislation, trade union recognition and schedule 11 of the Employment Protection Act which allows for a regional or industrial wage norm to be set.

Like the other labour law working papers produced by the Government in the economy, they are the basis of consultation with the CBI, TUC and other bodies. The Government intend to introduce the reforms by the end of the year. The procedural rules for tribunals can be altered by orders in council, although Mr. Prior has a statutory obligation to consult the Council on Tribunals.

Unfair dismissal. The Government says many employers feel they are "guilty until proved innocent." The onus of proof should be made neutral and tribunals should be able to require evidence from either party according to the circumstances. Tribunals would be given power to "reduce or extinguish basic awards and the minimum basic award of two weeks' pay provision abolished."

Qualifying

New companies with less than 20 employees are to be exempt from the unfair dismissal provisions for the first two years of trading. Employees would still accumulate service towards a qualifying period for unfair dismissal complaints but would not be able to use their rights during the two years.

The Government says it would be undesirable to create a second tier of employees but believes small companies will provide most of the new employment in the economy. There has been great pressure from small businesses on the Government to alter the Employment Protection Act.

Maternity provisions. Employees will be required to

provide written notification of intended absence and intention to return to work and to provide a second notification at least 28 days before her intended date of return instead of the seven at present. Women will also have to give a written notification not later than six weeks after confinement of intention to return to work.

There are also proposals to allow the employer greater flexibility in offering alternative employment. The Government invites suggestions to give companies employing less than 20 exemption from maternity provisions.

Trade union recognition. Comments are invited on the role of the Advisory, Conciliation and Arbitration Service in recognition issues. The paper says there is general agreement from employers, trade unions and ACAS that its recognition work is hampering its conciliation and arbitration functions.

Schedule 11. The Government says the schedule has not been applied to eliminate "pockets of low pay" which was its intention. Instead it was a means of circumventing pay policy with employer collusion. It had weakened sound and agreed collective bargaining. Proposals include the schedule's repeal, the repeal of the general level of the schedule and thirty amendments to remedy defects.

## East Anglia produces fastest fall in unemployment level

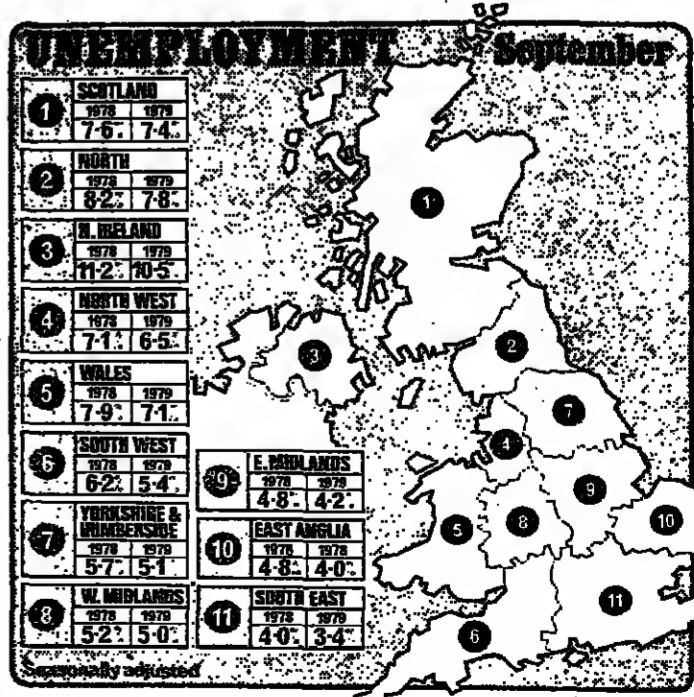
BY DAVID FREUD

THE FASTEST drop in the level of unemployment in the six months, since March, was seen in East Anglia, closely followed by the South East and the East Midlands. The slowest improvement during the summer took place in Northern Ireland, Scotland and the West Midlands.

Over the whole country the total number of adult unemployed fell by 7.2 per cent between March and September after seasonal factors are taken into account. In East Anglia the decline was 12.5 per cent, in the East Midlands 10.4 per cent and in the South East 10.2 per cent. There were also above-average declines in Yorkshire and Humberside, with a 9 per cent drop, and Wales, with 3.2 per cent.

By contrast the decline in Northern Ireland was 1.2 per cent, in Scotland 1.3 per cent, and the West Midlands 4.1 per cent. The North West drop was 5 per cent, the North's 6 per cent and the South West's 6.2 per cent.

As a general rule those regions with the fastest rate of decline in unemployment over this period were also those in which the rate of unemployment was lowest. The South East, East Anglia and the East Midlands, in which the biggest improve-



ments took place, gave the lowest unemployment rates. In the month to mid-September the number of adults out of work fell in all regions except the West Midlands, North, Wales, Scotland and Northern Ireland.

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Soft loans win Egypt 'phone deal

BY JOHN LLOYD, IN GENEVA

THE SIEMENS-THOMSON consortium which won the massive \$1.8bn contract to modernise the Egyptian telephone network... The U.S. consortium of Western Electric, General Telephone and Electronics and Continental Telephone, which was favourite for the deal since the modernisation is months ahead...

Specifications

At the same time as the study was published it became clear that Continental was part of the U.S. consortium. There was much comment in world telecommunication circles that the specifications had been written purely to suit the capabilities of the U.S. companies...

ambitious plans called for a 20-year upgrading of the meagre and inefficient network with an immediate five-year crash programme to modernise the notorious Cairo telephone communication system... The cost of the initial five-year programme was put at around \$54bn...

French, West German and Austrian Governments will play a part, possibly in guaranteeing the loan... The Austrian connection appears crucial. The friendship between President Sadat of Egypt and the Austrian Chancellor, Mr. Bruno Kreisky, has been mentioned as a cornerstone of the agreement...

U.S. Government. "We are fighting countries not companies; that is the lesson," said a GTE executive... Mr. Paul Henson, chairman of United Telecommunications, the U.S.'s third largest phone company, and himself an increasingly eager seeker for world markets...

Richer market

Mr. Scibelli believes that Egypt will in time become a much richer market as a result of the five-year programme... For the European companies, the order is a triumph of diplomacy and technology...

Exposed

U.S. companies participating in the Telecom 79 exhibition in Geneva—the largest of its kind ever mounted—are noting sourly the strong presence of governments and PTTs in the stands of their European and Japanese competitors...

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NOTICE IN HERBY GIVEN to bondholders of EUROPEAN INVESTMENT BANK (EUROPEAN) LIMITED, London, U.K. for the purpose of exchanging the old bonds...

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DKB'S ECONOMIC JOURNAL September 1979: Vol. 8 No. 9 Japan's economy warrants no optimism due to many future uncertain factors. Recent Employment Situation graph showing Total employees, Total full-time employees, Full-time employees (men), and Part-time employees from Jan-Mar 78 to Apr-Jun 79.

The international bank with your interests at heart. DAI-ICHI KANGYO BANK. The next DKB monthly report will appear Oct. 26.

هكذا ان اول

APPOINTMENTS

Ellerman Lines chief executive

Mr. James A. Stewart has been appointed managing director of ELLERMAN LINES from November 1. He is at present deputy chairman of the petrochemicals division and chairman of ICI Petroleum. Mr. Stewart has been with ICI throughout his business career, having worked in the Nobel, fibres, agricultural and head office divisions of the company.

Mr. J. F. Barnes has been appointed production director and Dr. C. A. Clark, director and technical manager, of Langley Alloys, an engineering company of the LOW AND BONAR GROUP. Mr. Heinz Reese has become general manager of Rusidale Plastics Inc., Ontario, Canada, from Bonar and Bemis, another Low and Bonar Canadian packaging company. Mr. Brian Ewing and Mr. David Wild have been made respectively managing director and deputy chairman of Bibby and Kardon, member company.

Mr. John Rushon has been appointed production director of ICI PAXMAN.

Mr. Ray Wookey has joined the Board of ZEROSTAT COMPONENTS, of St. Ives, Huntingdon, as sales and marketing director.

Mr. E. Peter Ward has joined the New Product Management Group as founder managing director of NPM PLANNING AND RESEARCH.

Mr. A. A. Weissmüller, managing director of UNITED INTERNATIONAL BANK, will be leaving on November 15 to take up another appointment in banking. He will be succeeded by Mr. Peter Tann who will join as managing director next month. For the past four years Mr. Tann has been managing director of Citibank's affiliate in Copenhagen.

Mr. R. A. K. Scallan, representative in Moscow for BARCLAYS TOZER, has been appointed a director, and Mr. C. M. Williams has become assistant representative in Moscow. The company is subsidiary of Barclays Bank International.

Mr. A. E. Focar is leaving HILL SAMUEL BROKING AND CONSULTING SERVICES on October 1 for his private business interests.

The Lord Chancellor has appointed Dr. Ronald C. Tress to be chairman of his ADVISORY COMMITTEE ON LEGAL AID

from October 23. Dr. Tress is the director of the Leverhulme Trust and was formerly Master of Birkbeck College. He succeeds Lord Hamilton of Dalzell, who has been chairman of the committee since 1973.

Mr. Roy Birch and Mr. Peter Bees have been appointed directors of CHARLES BARKER CITY from October 1.

Mr. R. J. Millin is to join the partnership of HEALEY AND BAKER and continues as senior resident general manager in the company's office in Amsterdam.

Mr. Ronald Collingwood has become chairman of H. SAMUEL following the death of Mr. Robert R. Edgar. Mr. Collingwood remains joint managing director.

The Secretary for Employment has appointed Miss Elizabeth Carney, Convenor of the Education Committee of the Tay-side Regional Council, to be a part-time member of the MAN-POWER SERVICES COMMISSION. She succeeds Mr. Alex Devlin, who resigned in June.

The Secretary for Trade has appointed Mr. Jonathan Boddender and Mr. Brian H. Condon as members of the ENGLISH TOURIST BOARD from October 1 for three years. Sir Frank Price and Mr. Christopher Bond have been reappointed for further terms from that date.

Mr. M. J. Evans, an executive director of Siegfried Aktiengesellschaft, Switzerland, has been appointed a non-executive director of LAPORTE INDUSTRIES (HOLDINGS), not a non-executive member of Laporte as reported on Monday.

THE BROKEN HILL PROPRIETARY COMPANY has appointed Mr. M. Williams to be its UK and European representative and to be responsible for its office at 14, Hanover Square, London, from November 12 in succession to the late Mr. J. F. McNeil. Mr. Williams is at present Perth manager and has held a number of senior positions within the company in Australia, New Zealand and the U.S.

Mr. Jan Posner has been appointed managing director and head of studies of TRANSPORT STUDIES, of Brentwood, Essex, a new company, formed to promote courses, seminars and conferences on transport and shipping problems. Mr. F. R. Thomas has become a director.

Mr. Brian Watson has been

appointed sales director of JAMES SECCOMBE, of Redditch.

Mr. Richard Findlay, Radio Forth's managing director, has been appointed to the Board of INDEPENDENT RADIO NEWS.

Mr. Jim Alexander, vice president Cooper Laboratories International, in charge of European operations, has made the following appointments at COOPER HEALTH PRODUCTS. Mr. Richard Lamping, previously financial controller and deputy general manager, becomes managing director, succeeding Mr. Alexander who formerly held that position. Mr. Bob Colliver takes over as financial controller. Mr. Ralph McGlynn, general sales manager, has been made director of sales and marketing.

Dr. J. G. Wistreich takes over from Mr. J. R. Hartree as vice president of ALCAN LABORATORIES and director of the Banbury Research and Development Centre from October 1. Mr. Hartree will become research and development programme director, based in Montreal, respon-

sible for the full resources of ALCAN's R and D centres being made available to the company's fabricating operations outside North America and Europe. Dr. Wistreich comes to Alcan from the British Steel Corporation where he was chief engineer R and D and also manager of its corporate engineering laboratory.



Dr. J. G. Wistreich

Three Board appointments have been made at WEIR PUMPS, a member of the Weir Group. Mr. R. Garrick becomes deputy managing director, Mr. J. D. Egan has been made

executive director, production, of the Alcoa, Clackmannanshire, plant, and Mr. P. T. Syme joins as executive director, production, Cathcart, Glasgow, Plant, having previously been with the company from 1966 to 1971.

Dr. John H. Watt has joined the Board and Mr. Clifford Simpson, becomes company secretary of PANAVISTA, Edenbridge, Kent.

Mr. Richard Staniland has been appointed company secretary of CLARKE SECURITIES, Burton-on-Trent, and its subsidiaries.

Mr. H. G. Munkin has been appointed a non-executive director of ARTHUR LEE AND SONS from October 1. Mr. Munkin is an executive director of Orion Bank.

Mr. John Fowles, managing director of GOWRINGS, of Reading, has been appointed to the additional position of group chairman. Mr. Michael Oldland becomes deputy chairman.

Mr. Peter Giffin has been appointed chief executive of UNITED HOUSING ASSOCIATIONS TRUST. He was formerly operations director for Servotonic, the GKN central beating subsidiary.

Mr. George Hutchison has been appointed an associate of OSCAR FABER AND PARTNERS, Sale, Cheshire. He has been with the firm for seven years and has just returned from Nigeria where he was in charge of an associated Faber practice.

Mr. D. J. Gamble will be joining COUNTY BANK from October 1, as manager, marketing and strategic development, in its investment division, and will become a director of County Bank Investment Services. He has been an assistant director of N. M. Rothschild and Sons since 1977.

Mr. Peter V. Quick is to become managing director of LEYLAND NIGERIA in October in place of Mr. Richard Morley, who is to leave Nigeria at the end of his fixed-term contract. Mr. Quick is at present managing director of Self-Changing Gears, part of BL Commercial Vehicles.

Leyland Nigeria, a company owned jointly by the Nigerian Government (35 per cent), Nigerian State government and investors (25 per cent) and Leyland (40 per cent) opened a progressive manufacturing plant at Ibadan, Nigeria, in March, 1979. The plant will ultimately have an annual production capacity of 12,000 vehicles a year and will employ a total of 1,800 Nigerians.



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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## DATA PROCESSING

### Control of services in buildings

IT BECOMES possible to control complete building environments from a central control room using the computer-based Supervisory Data Centre from IPT Controls, Maclaren Division, 333 West Street, Glasgow G5 8JE (041-429 2191).

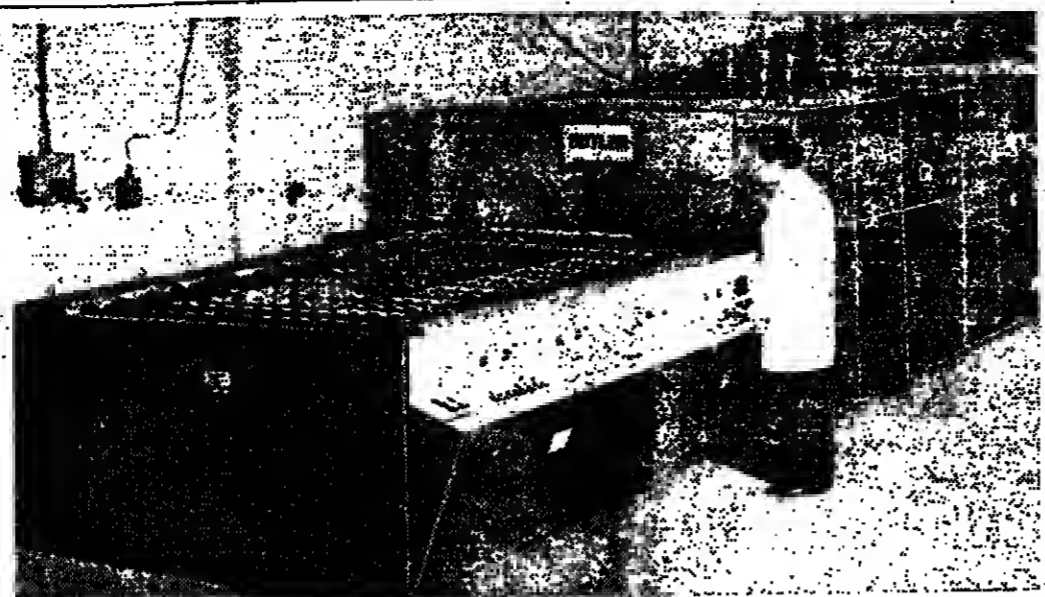
Components of the system include a controlling microprocessor, keyboard and single line display unit for entry and demand of data and for programming, and an independently operating 35 mm slide back projection unit for displaying relevant plant diagrams. Also available are plant mimic diagram boards.

Sub-station units for out-station use contain the circuit boards necessary to convert signals from the centre into a form that can be used for switching and also to send status and value signals back to the centre.

The system is thus able to monitor and control virtually all plant services in a building including such things as load shedding and fire/security circuits. Main use will be in connection with heating and ventilation by sensing indoor and outdoor temperatures and humidities, with carefully programmed sequences to keep conditions within prescribed limits and save energy.

Known as the SDC 3000, the equipment can handle up to 1,000 addressable zones, all of which are scanned and their condition compared with what is programmed. Any change from normal limits will produce alarms with a printed record. If desired, the fault can be made to give an indication on an associated mimic diagram. Control action can be automatic or manual.

Apart from automatic scanning of the address points, the system can check plant on a programmed basis, initiate fire and security alarms, pin-point malfunctions, undertake programmed switching, implement daily and weekly monitoring programs for temperature, humidity and air conditioning control, allow manual override and permit the substitution of new programs.



SUCCESSFUL completion of production trials are reported for this prototype horizontal glass toughening furnace developed with NRDC aid by T. N. Butler (Weybridge).

Installed at Glaslec, Currawall, Ontario, Canada, the unit has convinced its purchasers so thoroughly that a second is about to be installed while a third is on order.

The prototype is able to handle glass up to 60 in in width while the second will take up to 42 in and third up to 90 in widths.

Unique to the Butler horizontal design is its recirculating operation which moves the sheet of glass to and fro in the furnace rather than passing it through continuously as in most conventional horizontal types.

This provides considerable savings in cost and space occupied. At the same time, the low thermal mass of the furnace and the advanced control system for temperature and movement allows the furnace to cope readily with various

sizes and thicknesses of glass, which means that operational flexibility is improved.

At the same time, productivity is high and the prototype has toughened as much as 6000 sq ft of glass in less than three days.

Better design of air nozzles and inlet tray in the chiller section will make it easier to remove fragments should a breakage occur. And this will allow the furnace to take glass up to 3 mm thick, when the modification has been fully developed.

In the meantime, the company is to install a new type of furnace with advanced control techniques at its Woking factory. This is intended for demonstrations in potential international customers and also for the production of toughened glass by a Butler subsidiary.

T. N. Butler (Weybridge, Britannia Wharf, Monument Road, Woking, Surrey 04862 4276).

## ENERGY

### Device cuts fuel consumption

OUR Correspondent in Helsinki, Lance Keyworth, reports of a new Finnish fuel-saving device for the smaller household that it will cut consumption by between 10 and 20 per cent, with no reduction in comfort or hot water supply.

Made by Nurtti-Tuote Oy, its operating principle is very simple and somewhat similar to that of a product recently offered through a Belgian group, which however worked on the boiler flue.

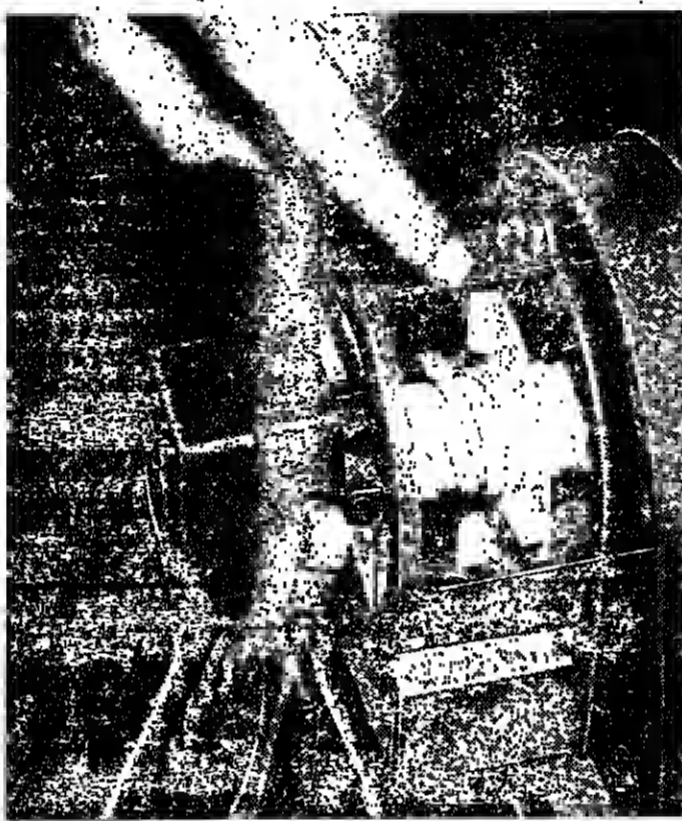
It works by shutting off the air intake to the boiler immediately the thermostat reaches the pre-set temperature. It follows that the boiler stays hot for much longer, since no air is removing the residual heat and rejecting it to stack. Thus the next start of the burner is correspondingly delayed.

Finland's State Institute for Technical Research has made exhaustive tests of the unit which has so far performed faultlessly for 200,000 boiler re-starts — corresponding to about ten years' use.

This is, in principle, the normal life of an oil burner.

Though the unit is simple in operation and can be installed on the oil or the gas burner in about five minutes, the maker suggests that it should be fitted by a professional.

No maintenance is needed. Patents are pending in European countries, the U.S., Canada



The installer is indicating the position of the air cut-off disc in the feed unit of a domestic boiler.

and Japan where an agency contract has already been signed. The inventors have called this device the "heat lock."

Further information from Nurtti-Tuote Oy, Vattuniementkatu 10, 00210 Helsinki 21, Finland.

vehicle enabled engineers to study the condition of the flues and at the same time a video tape was made for further study later.

Campbell's (Industrial Services) has its headquarters at 11 Middlemore Road Industrial Estate, Smethwick, Warley, N. Midlands (021 558 5625).

## SERVICES

### Good view of the flue

A MINIATURE closed circuit television camera has been successfully used for chimney flue inspection by Campbell's (Industrial Services) at Duckham's Oils' bleeding and pack-

aging plant at Aldridge near Birmingham.

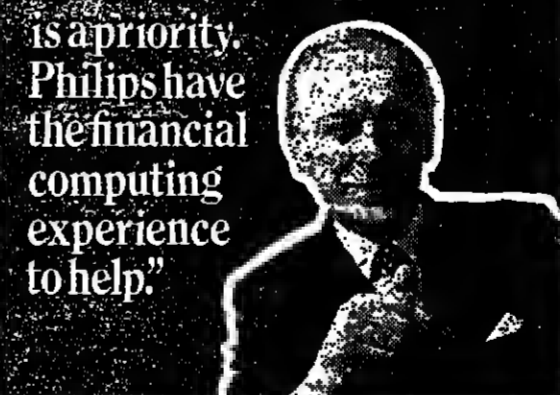
Because of the narrow diameter of the 80 ft high twin-flue steel stack it was impossible to adopt conventional manual inspection routines. Preliminary inspection of the flue by Campbell's Industrial Steeplejacks had confirmed that the 12-year-old chimney had suffered internal damage caused by corrosion.

To find the exact location and extent of the damage, it was suggested that closed circuit TV techniques used for drains inspection might be used and the services of Telespection (Cromford Road, Ripley, Surrey) were called upon.

A Telespection low light level camera fitted with its own lighting source was inserted into the chimney and lifted up the flue passages by a winch. A two-way radio link between a steeplejack on the top of the chimney and the control vehicle on the ground enabled the camera's progress to be controlled.

A TV screen in the control

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## COMMUNICATIONS

### Voices from the deep

ELECTRONIC processing that corrects the "Mickey Mouse" speech uttered by divers due to their breathing helium oxygen mixtures have been improved and much reduced in size and weight by work at Edinburgh University.

Most existing systems use digital processing involving analogue to digital conversion and equipment sizes in the 1,000 cubic inch region with weights between 15 and 20 lbs.

The Edinburgh device, developed at the university's Wolfson Microelectronics Institute from a design by Dr M. Jack of the department of electrical engineering, is based on analogue working using charge coupled devices (CCD) with CMOS digital circuits for control only. Engineered versions, possibly with all the functions on one chip, are expected to yield a size under 10 cu inch and a weight of less than 0.5 lb.

Basically, the device detects the moments at which pitch correction is needed, samples the speech into charge coupled devices and reads the samples out of the CCDs at a lower rate, reducing pitch.

It seems likely that the new device will be integrated into a complete communications system. If it could be linked with a similarly portable sonar communications device, divers would no longer need a speech transmitter line to the surface. Each

diver could carry his own transmitter / receiver / assembler giving clear and direct speech contact with a direct control ship or other divers. Such a system however, could remain operational even in the event of some life-line damage between control and diver or diving bell.

More from Dr Jack at Department of Electrical Engineering, University of Edinburgh, Mayfield Road, Edinburgh, EH9 3JL (031-667 3735).

### Lights up instead of ringing

BY MEANS of a device developed in Switzerland, it is possible to substitute the ringing of a telephone or doorbell with light signals.

The unit could be useful in high ambient noise surroundings where the bell may not be audible or where it is too far away to be heard — or where the bell noise is undesirable.

Called Visotel, it consists of a small plastics case on which the telephone can sit and has light signals on all four sides.

More from Reichle and DeMassari, Fundstrasse 11-15, CH-8610, Uster, Switzerland.

## HANDLING

### Crane scale approval

LOADCELL-BASED crane scale made by Solidate has been approved by the Department of Trade and the company believes it is the first weighing equipment maker to be so approved.

The scale provides "legal for trade" accuracy with the same number of divisions as a stamped platform scale. This means that fine weighing can be carried out for trade purposes

while loads are being lifted, removing the need for a separate weighing operation.

Double shear beam loadcells are housed in the crane block and the system is suitable for heavy industrial weighing ranging from 1 or 2 tonnes up to several hundred.

More from Sandy Lane, Moston Road, Sandbach, Cheshire CW11 9HT (09867 7235).

## CONFERENCES

### To discuss burning issues

JUBILEE SEMINAR of the Rubber and Plastics Research Association of Great Britain is entitled "Plastics, Rubber and Fire" and will be held on Wednesday, November 7, under the chairmanship of Mr. E. N. Smith of ICI plastics division (and chairman of the BPE fire technical assessment committee) at RAPRA, Shawbury, Shrewsbury, Salop (0959-250383).

The papers will illustrate the fire behaviour of different products and various approaches which may be employed to minimise their fire hazard, including aspects of materials selection, design and product control.

Development and improvement of fire test methods will be discussed and attention will be given to the current review of national, EEC and international legislation and the possible effects of new standards and specifications on future markets for plastics and rubber products.

Fee for the seminar will be £30 plus VAT or £45 plus VAT for non-RAPRA members.

The Yarsley Technical Centre is holding an Open Day for its fire testing department on Thursday, November 29 at Trowers Way, Redhill, Surrey (0737-65070), with Dr. I. Dunstan, director of the Build-

ing Research Establishment, as principal guest.

Wholly owned subsidiary of the Fulmer Research Institute, the YTEC's latest equipment includes new fire resistance and surface spread of flame furnaces for testing to BS.476 (part 8 and 7 respectively) and a NBS smoke chamber for measuring smoke generation.

YTEC claims to have the most comprehensive general purpose independent fire testing laboratory in the UK and visitors will now have an opportunity to see all its laboratory facilities.

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## ELECTRONICS

### Tunes from the chip

THE LAY public, already numbed by the apparent ability of the silicon chip to do almost anything, will probably not be too surprised to hear that it can play tunes, too.

Latest device from General Instrument Microelectronics, the AY-3-1550, described by the company as a "single chip tunes synthesiser," can be programmed to produce up to 28 melodies and is aimed at the toy, musical box, doorchime and similar consumer and novelty industries.

Mask-programming will normally take place during manufacture and the chip's repertoire will consist of popular or classical tunes selected for their international acceptance.

Standard circuit is pre-programmed with 25 short tunes and three simple chimes, but this can be altered to suit the application: a customer could have a single tune of up to 251 notes lasting one or two minutes for example. The chip could also generate tunes from data held in external programmable read-only memories.

Thus, toy and equipment makers could play in different "tune sets" without having to invest in different pre-programmed synthesiser chips.

For door chime makers, various interesting possibilities present themselves. For example, the circuit might be connected to a matrix of buttons on the front door, one for each kind of caller, so that the occupier knows who is there. Friends and members of the family could have their own signal.

Pitch, tone and speed of tunes played by the chip can be independently set by external components, which may be preset or brought out as potentiometers for user control. Simple switch closures or capacitive touch controls can be used to trigger the device.

To help OEM companies, GIM has produced a development system consisting of a 110 by 90 mm board with socket mounted chip plus the additional components to play tunes from an external programmable read only memory.

More from I Warwick Street, London W1R 5WB (01-499 1891).

## INSTRUMENTS

### Gauges cylindrical parts

MADE BY Tesa in Switzerland and available in the UK from Matchless Machines, Redkist Way, Hursham, Sussex (0403 60271) is the Diamaster, a two point comparative measuring instrument able to show the difference from nominal dimensions of cylindrical components up to 75 mm in diameter.

The instrument has the appearance of a G-clamp with the measuring stem acting downwards from the top and an interchangeable support block at the bottom mounted on V-slides and carrying a pair of pads so that the measured component is

always firmly held under the spring pressure of the measuring head assembly.

The associated gauge, which can be a dial gauge in-situ or an electronic indicator cable connected, will show the exact difference from nominal, unlike an ordinary "go-no go" snap gauge.

The sensing head itself is retractable, to avoid any damage to a machined surface when fitting the gauge over the work-piece.

Measurement range about nominal is ±0.5 mm, the maximum error four microns and the repeatability 0.5 micron.

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## PHOTOGRAPHY

### Winding on made easy

AUTOMATIC FILM wind-on in 35 mm single lens reflex cameras is usually a question of adding a fairly bulky unit to the base of the camera.

Auto-wind on has recently been introduced in some lower cost pocket cameras but now Konishiroku has introduced the Konica FS-1 which offers built-in automatic loading, wind on, exposure and flash control in a 35 mm reflex body which without lens measures 146 x 46 x 90 mm and weighs 560 grams. There is therefore no wind-on lever.

Loading consists of simply placing the film in position in the camera and shutting the back, advance to the first frame is automatic, as is wind on after each exposure.

The camera has shutter speed priority: the speed is set on the customary body knob and the aperture sets itself under micro control and is shown in the viewfinder.

Konishiroku Photo Ind (Europe), 51 High Street, Feltham, Middlesex TW13 4AB.

هكزان الالدر



# FINANCIAL TIMES SURVEY

Wednesday September 26 1979

## EXPORT MANAGEMENT

In the competitive world of international trade, efficient management of the services and expertise that make up a company's export effort is essential. But it is an area in which British companies are failing, in spite of an enviable amount of Government support.

THE MOST discouraging aspect of travelling abroad to trade functions is seeing how much better the main competitors do it than the British. Ask those in the market itself and they will tell you the same thing over and over again. Companies from other countries seem to have a more obviously co-ordinated and planned export strategy. They capitalise on initial contacts with frequent follow-up visits. The export salesman is in a position to take decisions and make commitments on the spot without constant reference to head office.

Soma of Britain's most successful exporters have organised their marketing arrangements as effectively as their foreign rivals. But there is still considerable scope for improvement in industry as a whole, particularly as far as management is concerned. In too many companies there is still the attitude—despite Britain's history as a trading nation—that exports are only important when the home market is depressed.

### Easier

Selling to the domestic market is much easier and nowadays many British companies often do not have the production capacity to sell to both markets simultaneously. Insufficient production is said to be one of the major restraints on Britain's export effort.

Consequently, once the home market picks up again production is switched to meet this demand and exports are largely forgotten until the next domestic recession. For these companies any export push

thus tends to be only a one-off affair and so lacks the continuity of overseas competitors who in the meantime are able to establish themselves in the market. When the British company eventually returns it faces a formidable task in selling its products, no matter how high their quality may be.

Thus despite some recent change in emphasis a job on the export sales team can still be very much an also-ran compared to a home sales position. The status and rewards are usually smaller though the work itself is generally more difficult. The export team is also much smaller. This is the key area where some sectors of British industry fall behind their main competitors — and not delivery dates or quality as is generally believed. Skill in selling, where Britain compares very favourably with its main competitors is not sufficient without the manpower.

This was pointed out in a recent study — the Barclays Bank Export Development Report — sponsored by the bank in conjunction with the British Overseas Trade Board and the London Chamber of Commerce. The study found that one of the major differences in exporting in Britain, France and West Germany was the role of management, particularly middle management.

On the Continent middle management played an all-important role "organising the industrial machine and getting the results." In both France and Germany there is a keen appreciation of the critical role played by middle managers in the organisation of

export success. This was reflected in their high status and responsibility, wide powers of influence, high salaries and incentives.

This was in "sharp contrast" to the role of middle management in Britain, where the management structure was not found to be conducive to the rapid decisions required in

export operations. The study found the quality of British management was as high if not higher than their counterparts in France and Germany, indeed their sales productivity was 20 to 30 per cent higher.

But Britain's managers were restrained by fiscal, political and industrial limitations. A reflection of the greater appreciation of middle managers in France and Germany is that they earn three times the salary of those in Britain, while higher tax rates, which are in any case lower than in Britain, were imposed at a much higher

salary level. After tax earnings were therefore much higher.

This means that French and German companies are able to attract the best calibre of people to their export departments and keep them there. All too often British companies lose their best export executives to overseas companies where the rewards are higher and the

promotional prospects better. The study asserts that increased recognition of export managers in terms of both greater rewards and status should become a priority in Britain.

The reason why middle management has such a key role to play is that exporting is not simply a question of having a skilled sales team. It is of course essential in the increasingly competitive world of trade but its success is soon short-lived if there is not the necessary back-up. Exporting has to be a co-operative effort involving the whole company and co-

ordinated by middle management.

The export team should combine the salesman with the technician, the designer, the accountant, the distribution and transportation services, marketing and publicity departments as well as those involved in production—including the workers on the shop floor. The quality

of the movement of goods in the whole export process. The movement from factory to customer is the major cost element in export distribution. Yet many companies tend not to think about transport until after the order has been secured.

This integration of the movement of goods in the whole standard containers which makes transportation both cheaper and easier. It also improves security—there is less chance of damage or pilfering in transit. The lay-out of the assembly or production line also influences the efficiency of transportation and distribution.

The pricing of a product is also linked to the method of transportation—and not just because it represents some 8 per cent of the delivered export price. More consideration should be given to the decision of whether a product should be sold "ex-works." It may be less troublesome but is not always the most cost-effective. Exporters should consider the advantages of being able to control the price of its product further down the line. This will give them more influence both over the final price and the way it is marketed. It will also provide business for Britain's transport and insurance companies.

Co-ordinating the movement of goods with the rest of the export strategy should also improve delivery dates. If the salesman is aware of the transport and distribution aspects he is less likely to commit his company to unrealistic delivery dates.

Freight forwarders should be taken into the customer's confidence so that they are more involved with his export strategy and thus provide a better service. The distributor can provide valuable feedback to industry because he is in direct touch with the overseas

customer. He knows whether he is satisfied; he can pass on any additional requirements which he wants so that they can be quickly incorporated at both the design and production stages.

The gap between production and distribution is said to be damaging to Britain's export effort. At the conference to launch the total export concept early last year none of the companies which presented case histories was considered to have achieved the total concept in full, though they had at least integrated their distribution systems.

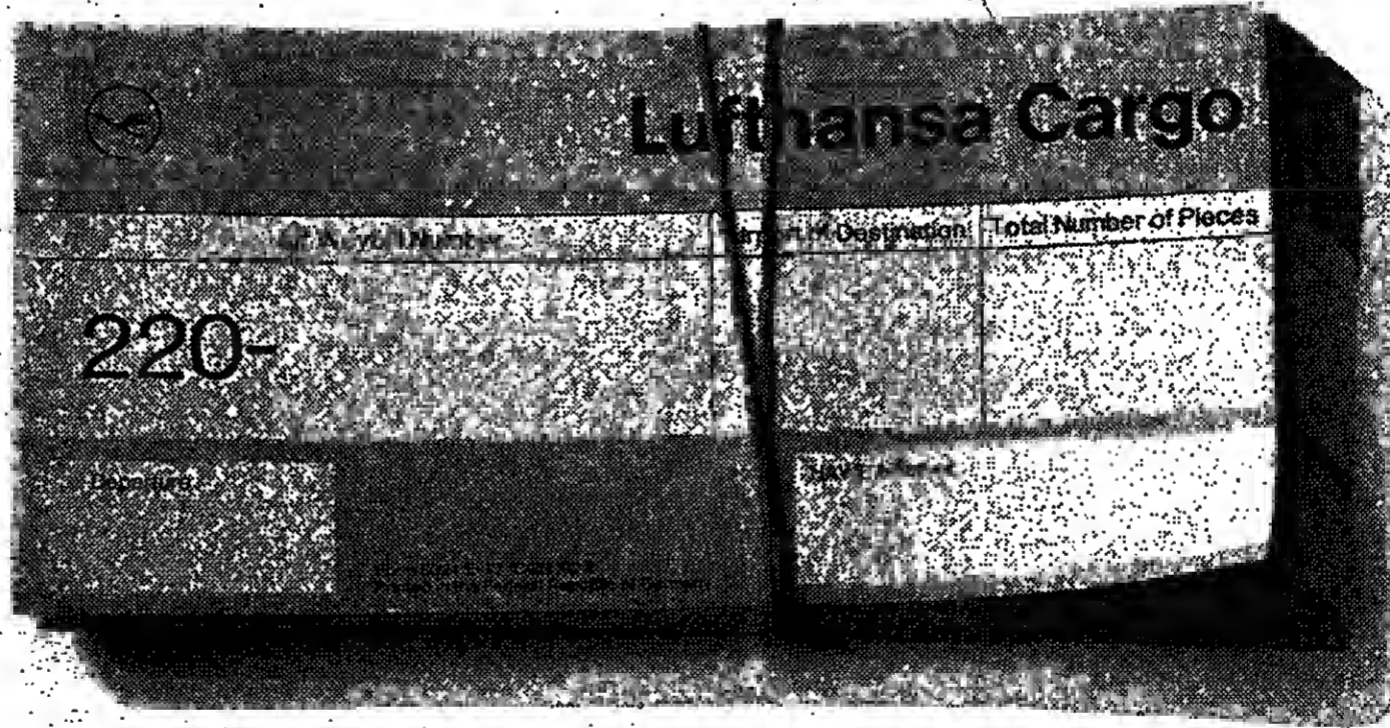
### Upgrade

The BOTB and NEDO acknowledges that they have a long way to go in convincing companies. They are attempting to do so by encouraging management schools to upgrade the level of training on transport and distribution. They are also trying to get design schools to place more emphasis on this aspect.

The BOTB is also preparing teaching kits to promote the total export concept. It is looking for medium-sized companies to use as case histories but admits that it has so far failed to find even one. Total export concept maybe a somewhat slick phrase but the idea behind it is sound commonsense—so much so that it is disturbing that British exporters have to be persuaded by government at all.

## Where Britain could do better

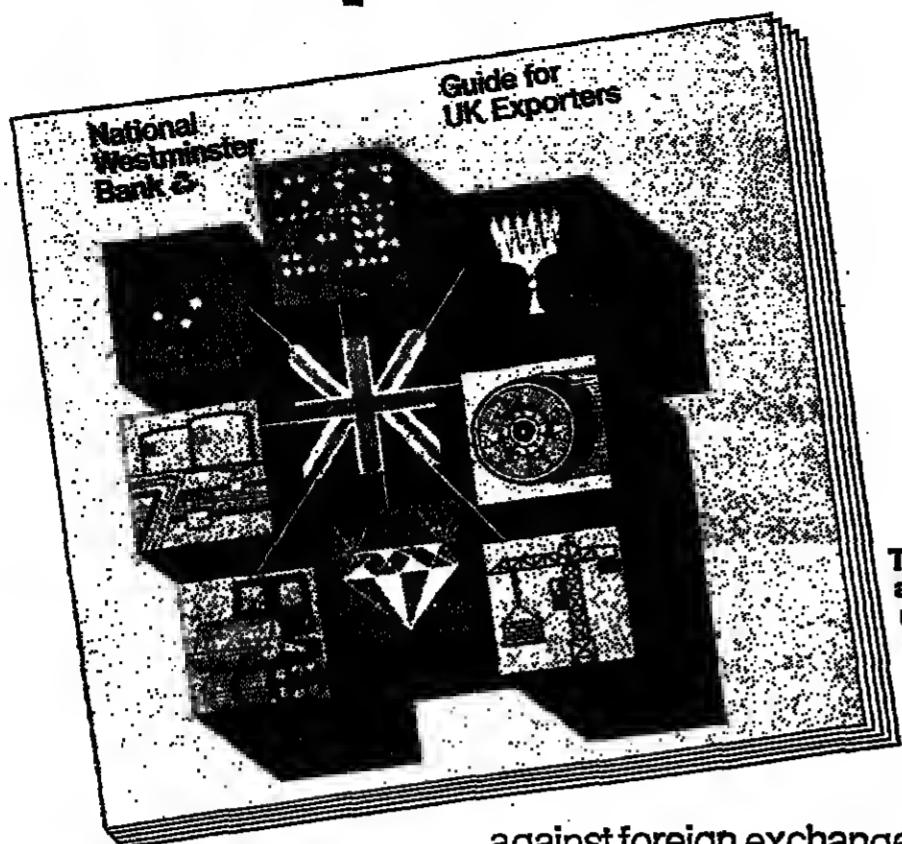
By Margaret Hughes



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## Why do small countries often have such important banks?

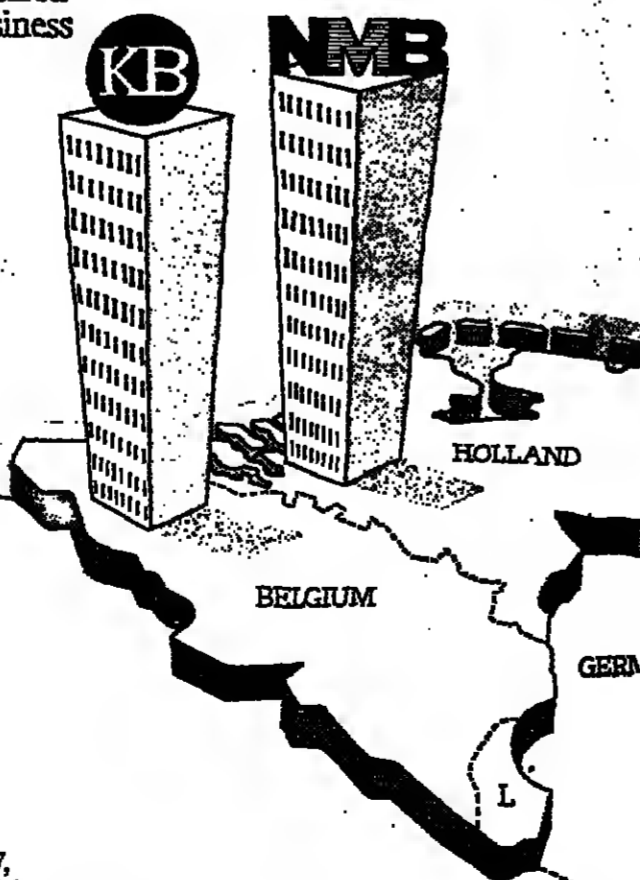
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## EXPORT MANAGEMENT II

# The problems of distribution

AT A TIME when manufacturing industry is hard-pressed to find new ways of cutting costs without expensive investment, the definition of distribution is taking on a new meaning. It no longer applies only to the broad movement of goods, but to the whole production process.

Proponents of the "through transport concept," which has been developed by the British Overseas Trade Board and the National Economic Development Office, believe that movement of all materials and finished goods should be integrated into an overall company policy for maximum efficiency.

It is therefore difficult to isolate physical movement of goods from the handling of components, the production line, the design of a product for ease of packing, or the procedural arrangements made for their export.

Although it is clear that the actual movements of goods from the factory to the overseas buyer is the major cost element in export distribution, it is argued that this process should not be taken in isolation—merely as a final step in a logical sequence which is overseen at a high level within companies.

The essence of this somewhat broad concept is made by NEDO's international freight movement economic development committee, which says: "There is still a tendency to produce and sell first and think about movement later. Physical distribution should enter into the long- and medium-term planning of every export activity."

"Payment arrangements in overseas trading deserve far more attention. Together with transport they make an important difference not only to real profit for the exporter, but also to the national net benefit in terms of employment and the balance of payments."

Broadly, it is regarded as desirable for an exporter to retain direct control of his product as far as possible down the

line to the ultimate buyer. In doing so he will be in a better position to influence its final price, the way it is marketed and the activities of agents.

As a direct spin-off, it is then more likely that British companies will be involved in the insurance, transport, shipment and handling of the goods, with consequent benefits to the UK balance of payments. By selling ex-works the chance of gaining this benefit is sharply reduced.

The importance of transport as a cost centre is stressed in the EDC report which estimates the cost of physical freight movement at a conservative 8 per cent of the delivered price of exports. "It follows that the cost differential between efficient and inefficient distribution is such as to make it an issue of national concern," the report says.

### Planning

It adds that senior management should consider distribution planning as an integral part of marketing strategy, linking together control and development of production, design, selling, servicing, financing and distributive skills.

The theory behind this is that the managing directors of most companies, particularly smaller or medium-sized ones, have reached their position through either the production or marketing side of the business.

It is therefore likely that assuming the managing director's job he will be preoccupied first with his own specialist field and then with broad financial matters, overlooking movement of goods and materials, which he may regard as a complex but secondary job for less senior managers.

The British Overseas Trade Board, after involvement in the problem for some years, believes it is unusual for any company to have a senior manager who understands the movement of goods in relation to production and design. It

also estimates that most companies can make savings of around 10 per cent on transport costs.

The EDC report echoes this view: "Basic distributive principles are too frequently insulated from the attention of top management, who as a result are often neither equipped nor encouraged to engage in distribution planning or assess the relative strategic advantages of alternative systems or services."

Consequently it is considered that too many UK exporters are still inclined to regard transport as a number of separate and independent road, rail, shipping, airport and inland clearance services, leaving agents or forwarders to link these together.

These then either arrange the transit or sometimes supply a total service covering all the physical operations of transporting goods from origin to delivery point and the handling of all associated documentation and procedures.

As a result, many British companies are effectively cut off from any direct overseas distributive experience, while there is evidence that industrial management in France, Germany and particularly Holland is markedly more distribution-conscious.

The preponderance of Continent-owned rail wagons operating between the UK and the Continent is said to reflect this attitude. There has also been increasing investment by Continent hauliers and forwarders in the UK, but less in the opposite direction.

However, the problems of efficient distribution are unlikely to be completely solved by the introduction of the "through transport concept" since flows of documents and information essential for movement cannot be relied upon to dovetail with the movement of goods.

Reform and rationalisation of the parallel information system

is progressing slowly under the Simplification of International Trade Procedures Board (SITPRO) which is engaged in a systematic national and international revision of the whole chain of information handling.

It is clear that with the widespread introduction of electronic information handling systems this whole area of activity will be revolutionised, though not without a difficult period of transition. It will also mean that if companies are to avoid being left even further behind, they too must make the necessary changes.

Although many documents are going to disappear in favour of electronic information, it is evident that companies will be faced with even greater procedural difficulties if their internal systems are not compatible with the norm. It is envisaged that in the not too distant future there will be direct computer transfer systems between companies, banks, customs, forwarders and others in the chain.

There has been widespread co-operation within Europe and also with Soviet bloc countries in the development of new systems which, it is hoped, will create real benefits. But the EDC says: "If SITPRO is to succeed, senior levels of manufacturing industry will need to integrate their distribution information with their other business systems."

It is clear that since the "through transport concept" was first formulated in the early 1970s it has not been widely accepted, although it is also evident that the concept itself has developed with time.

Although many companies may not know of the efforts to make them at least aware of the concept, they are likely to find it increasingly impractical to ignore the changing patterns of distribution systems and techniques.

Lorne Barling

## The marketing effort

BRITAIN'S EXPORTERS are finding that the key to the export success of British goods and services lies more around product quality, marketing and service support than competitive pricing—once considered the foundation of any sales effort.

This was borne out earlier this month by two separate developments in the motor industry—the opening of a new North American headquarters in New Jersey by Rolls-Royce, and the continued overseas sales problems besetting B.L. centring on problems of supply and continuity of maintenance rather than price itself.

This shifting of focus is not without its problems, caused in large part by the comparative suddenness in the rise of sterling against foreign currencies, so that exporters are wary of playing down the price factor too much.

The trend, however, was noted by the IIT Research Group in its recent study on export development in Britain, France and West Germany. "Credit terms, delivery dates, personal relations, technical service and development assistance have become steadily more important than price," the report said.

This marketing philosophy has been in effect in France and Germany for some time, but the tide has also turned in Britain, the report said. This has been happening to such an extent, that whereas it was formerly customary for retailers to press manufacturers for higher discounts and lower prices, now they insist that manufacturers should go for higher quality and a higher price to reflect the excellence of the product.

The importance of the export market to Britain was brought home by the IIT, which surveyed 120 companies in each of the three countries.

Fifty-seven per cent of those questioned in Britain reported that export sales were more profitable than home market sales, compared with only 31 per cent in France and 17 per cent in West Germany.

All three rated quality and technology as factors more important than price, and considerable stress was placed on after sales service. Britain found product delivery an important element too, reflecting the British problem of shortage of production capacity. "In all three economies, there is a clear realisation of the need to get away from crude price competition—quality and technological advance are seen as the most rewarding directions," the report said.

The British Overseas Trade Board, the chief export promotion wing of the Department of Trade, has set up a detailed monitoring system to measure aspects of trade by companies. While each company has its own particular experiences in dealing

in the international marketplace, there is a continuity of experience confirming the general findings of the IIT report.

In one case study, the BOTB examined Kenwood Manufacturing, now a part of the Thorn Electrical group. In speaking about its successful and long-standing production of such kitchen appliances as blenders, Kenwood reported: "Our machine is quite unique. We believe that to price it too low would be to invite unwelcome comparisons between our products and our competitors. We have carved out a niche at the top of our market, and we intend to stay there. If an import agent attempts to price our products too low, he will not only ruin the market, but he will cut his own throat."

In the heavy manufacturing sector, Davy Loewy has found that there was no such thing as a "typical export contract," but because of the nature of its business, it is more concerned with an overall package rather than anything as specific as price. "Certain aspects are always important, though in varying degrees dependent on the particular market," a BOTB case study of the company showed. These included credit and financing, local supply capability, commercial conditions, payment terms, fixed prices, and technical competence.

Evidence evaluated by the BOTB indicates that price competitiveness rises in importance the more consumer-orientated the product, and sometimes for surprising reasons.

The Mettoy Company, the toy manufacturing concern, has achieved export success in France with both its Petite and Europa typewriters, largely because of the growth of hypermarkets throughout the country. Hypermarkets, of which there are some 80 in and around Paris, mark up by 50-60 per cent rather than the 80-100 per cent mark up by ordinary retailers. This gave Mettoy the opportunity to save servicing its traditional outlets with the Petite brand, while offering the Europe through the hypermarkets, thereby getting the best of both worlds, the BOTB report said.

combined with appropriate incentive pricing, remains a tried and true practice.

Behind this is the need to hold or increase the all-important share of market—not always easy to do on a business whose fortunes shift so easily.

The British Food Exporters Council (BFEC) has been active in recent years in organising trade missions throughout the world and, is conscious of their precarious competitive position in view of the rise in the value of the pound.

What is occupying much of the BFEC's efforts these days is carving out a stronger presence in the EEC. The association recently participated in the Aanga Food Fair in Cologne in mid-September, and is anxious to improve its share of the frozen food market in Europe—a market whose imports internationally of frozen vegetables, fruit and fish jumped 82 per cent last year to £42.2m.

BFEC member Ross Foods said that "when freight costs are taken into account, together with the effects of the strength of sterling, there must be tight control in order to remain competitive."

Frank Gray

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UK TRADE BY MODE OF TRANSPORT  
IMPORTS 1970-78

Year	Sea		Air		Other*		Total
	Value	Per cent	Value	Per cent	Value	Per cent	
1970	7,429	82.3	1,229	13.6	369	4.1	9,027
1971	8,060	82.1	1,328	13.5	433	4.4	9,821
1972	9,063	81.7	1,528	14.3	449	4.0	11,039
1973	12,882	81.3	2,357	14.9	615	3.9	15,854
1974	19,697	85.1	2,860	12.4	595	2.6	23,152
1975	19,793	82.0	3,127	13.0	1,208	5.0	24,128
1976	25,627	82.3	4,166	13.4	1,362	4.4	31,155
1977	29,332	80.4	5,398	14.8	1,746	4.8	36,476
1978	31,629	77.2	7,311	17.6	2,129	5.2	40,969

UK TRADE BY MODE OF TRANSPORT  
EXPORTS 1970-78

Year	Sea		Air		Other*		Total
	Value	Per cent	Value	Per cent	Value	Per cent	
1970	6,417	79.6	1,042	12.9	603	7.5	8,062
1971	7,351	80.1	1,248	13.6	582	6.3	9,181
1972	7,522	77.4	1,483	15.3	716	7.4	9,721
1973	9,349	75.0	2,046	16.4	1,063	8.5	12,458
1974	12,599	77.6	2,840	17.4	1,378	8.3	16,817
1975	15,497	77.8	3,224	16.2	1,300	6.0	19,921
1976	19,942	77.4	4,495	17.4	1,331	5.2	25,769
1977	24,953	75.7	5,816	17.6	2,205	6.7	32,974
1978	27,846	74.5	7,347	19.7	2,170	5.8	37,363

Notes: \* "Other" includes Irish land boundary, ships, boats and continental shelf production platforms, oil and gas in pipeline, electric energy, parcel post, low value trade, non-monetary gold, other transactions and commodities not classified according to kind and, for years up to 1973, aircraft moved under their own power. For years from 1974 aircraft moved under their own power are included with air trade. 1978 figures include second-hand aircraft temporarily imported or exported for repair and subsequent return, causing a slight discontinuity and inflating the proportion of trade carried by air. The amounts involved are £453m on imports and £386m on exports. The percentage shares of trade for 1978 excluding these amounts are:

	Sea	Air	Other*
Imports	78.1	16.7	5.2
Exports	75.3	18.8	5.9

For tables showing value, "Other" includes Irish land boundary, ships, boats and continental shelf production platforms, oil and gas in pipeline, electric energy, parcel post, low value trade, non-monetary gold, other transactions and commodities not classified according to kind. For tables showing weight, "Other" includes Irish land boundary, oil and gas in pipeline, parcel post classified according to kind.

Source: Trade and Industry

# Moving the goods

ANY COMPANY setting up manufacturing facilities in Britain today should consider, at the earliest possible stage, the movement of goods and materials in relation to overall production, marketing and sales.

This is the view of both the British Overseas Trade Board and the National Economic Development Office, which believe that such foresight is likely to provide substantial benefits in terms of efficiency and cost savings in the long term.

Although planning of this nature is admittedly complicated, involving the co-ordination of dozens of different factors, some aspects should be easy to achieve. For example, the size and shape of a product can be crucial to saving transport costs if it is designed to fit into available container space or other modes of transport.

Similarly, good design can save on packaging costs and reduce damage while goods are in transit, and companies are urged to stress this aspect when designers are in the early stages of planning a product.

Most new factory units, particularly in the engineering sector, are now planned according to the flow of materials from point of arrival to dispatch, even to the extent of providing gang-

ways of the right size for the goods or materials concerned. However, there is much to be done in existing factories where even extensive and initially disruptive changes can have major benefits.

One major company which was faced with a flow of incoming materials moving awkwardly from a rail yard across its production lines to the point of outward shipment, claims to have gained substantially in efficiency by switching the direction of the production line.

NEDO's international freight movement economic development council (Little Neddly) suggests that the essence of successful "through movement" is to apply bulk transport principles to traditionally fragmented cargo. This means assembling loads as near as possible to origin and breaking bulk as near as possible to the ultimate destination.

It is here that the link must be made with the vital pricing function, since goods can be priced "ex-factory" at the point at which they enter the "unit-load through system" and "delivered," that is CIF where the bulk-break function takes place at the point of arrival.

The EDC says: "FOB becomes a quite artificial and arbitrary

pricing point for almost all through movements. Yet many British companies sell entirely on FOB terms. This often complicates the buyers' calculations and always adds procedural requirements and associated paperwork."

Although the EDC is not suggesting that this system can be adopted universally, it points out that methods of pricing and currency choice are important factors in giving the buyer a clear, quick view of options and comparative advantages.

Speed Doubts were also expressed on the exporters' awareness of the speed with which their goods can now be moved to most points in Europe by container and road trailers, or that they support their shipping offices or forwarders in laying out the production and processing to get the most out of available transport facilities.

Much of the emphasis of the present efforts to improve awareness of distribution shortcomings is directed towards Europe, where British exporters are increasing their market share, but are faced with the additional complication of cross-Channel transport while their Continental competitors are not.

But to the production process alone, very minor movements of products and materials are regarded as important in terms of cost savings. However, it is clear that many of these costs are hidden and need careful study.

The BOTB draws the comparison between this and "value engineering" where the function of each component part is examined with the aim of making it more simply or efficiently. Similarly, each movement of components can be examined to establish whether it can be achieved more easily and cheaply.

It is also suggested that joint marketing arrangements should be made between companies making complementary products, and these should include the freight transport industry to ensure that the benefits of the best export distribution expertise can be used.

This would include advice on routing flexibility reductions in overseas supervisory costs, the minimising of freight, packing and insurance costs.

The role of the freight forwarder is seen as increasingly important in the marketing and organisation of both road and rail services, whether the latter are by ferry wagon or container. But it is the link

between forwarder and production unit which needs to be closer.

Freight forwarders are now expected to be able to bring their specialist knowledge of costs, procedures and routings to bear on their industrial clients' production plans and operations to be able to produce the most profitable overall result.

It is also suggested that freight forwarders should know enough about a customer's business to give acceptable expert advice in the context of overall company strategy.

The main conclusions of the EDC study indicate that the "invisible barrier" created by the gulf between production and distribution management in manufacturing industry is damaging to the UK's performance in Europe. "The problem is seriously underestimated and requires more attention by industry, transport operators and Government," it says.

However, the efforts to get this message across to industry have so far proved to have disappointing results. While many companies have been made aware of the problems, few have tackled them seriously.

The BOTB does not believe that any company in Britain fully meets the criteria in every department, although some have made great improvements.

As transport costs continue to mount in direct relation to rising fuel prices, and the equation between rail, road, sea and air transport continually changes, the need for greater attention to the problem becomes more urgent.

The impetus to make changes can come only from senior management and it is now regarded as essential for a main Board director to have a special remit to draw together the various strands of the distribution process to form a single policy. In most companies the marketing director is regarded as best suited for the job.

Some industries, such as engineering, have long experience in the matter of products designed for transport, but few have extended the powers of one person to deal with everything from design to the choice of overseas bankers, often a vital choice in relation to the speed of payment for goods.

It is clearly no easy matter for a company to bring together such diverse activities, but if it means a reduction in costs and greater export efficiency, it is evidently in their interests to do so.

Lorne Barling

## Complexities of finance

FINANCE AND the ability to offer credit facilities to the overseas buyer is an essential element of export management. Frequently the provision of credit is more important than a competitive price. But all too often it is overlooked in the initial stages of exporting, though the financial aspects should be one of the factors which actually determine whether an exporter even approaches a particular market or buyer.

One of the problems of export financing is that it has become an increasingly complicated business requiring sophisticated financial expertise. The larger companies may have their own financial divisions to deal with such problems but the smaller and medium-sized companies, and even some of the larger ones, do not have such facilities.

This is where the financial expertise available through the Export Credits Guarantee Department (ECGD) the banks and other financial institutions should be fully exploited. ECGD is reckoned to be the most comprehensive organisation of its kind in the world, while the exporter has a wealth of banking and other financial facilities available to him in the City of London. But with the exception of a few capital goods exporters British companies do not seem to get the best out of these services.

The blame for this would seem to lie on both sides. Exporters tend to think belatedly of the financing when the deal is at an advanced stage of negotiation, often only when it has been completed. By then it is too late for either ECGD or the banks to estimate them from what may well be unfavourable or even disastrous financial conditions. The banks and ECGD, for their part have somehow failed to market themselves to the exporter — despite recent attempts to do something about this.

### Strategy

Ideally — in particular for capital goods exports — the exporter and those involved in the financing should be working together right from the moment the exporter plans his sales strategy to negotiating the fine print on the contract. The finance men are in position to advise and assist the exporter in negotiating his commercial contracts. With their extensive international contacts the banks and ECGD are able to advise on the political and commercial conditions in the buyer country to the extent of sometimes steering the exporter away from undesirable projects or deals.

More often than not, however, this close liaison, seen in other countries, does not occur. The exception tends to be a few plant contractors which have established close working relationships with a particular merchant bank and exploit ECGD's facilities to the full. These partnerships have proved vital in securing several major overseas contracts.

ECGD itself complains that exporters do not make full use of its very wide range of services or do not use them properly. An example of this is the discretionary limits which have been introduced specifically to speed up export transactions. These are revolving

limits up to which a policy-holder can offer buyers' credit without prior approval from ECGD up to a maximum of £5,000 — and in certain cases above. However, far too many exporters continue to ask for credit approval where it is not needed. ECGD claims these unnecessary applications and the administration involved are partially responsible for the "bottle-necks" in its services which exporters so often complain about.

### Cover

Among the facilities which ECGD offers exporters do not make enough use of is the cover which it provides for invisible exports. Exporters are apparently not fully aware that it offers a similar range of facilities for services as it does for goods. This unawareness is particularly the case where the services are not the exporter's main line of business but where he has provided know-how and other back-up services for his main goods order — all of which are eligible for ECGD cover.

The bulk of the business which ECGD covers is consultancy services. But equipment repairs, conversions, overhauls or repairs, processing, leasing, licensing, royalty agreements, film services and some aspects of tourism are among many other more unusual services for which cover is also available.

But while the banks and ECGD may feel that exporters do not approach them early enough in their negotiations, exporters in turn are just as critical of them. It is still difficult to convince exporters that they, the banks and ECGD could all work together towards the same goal. Indeed exporters complain that the others are often more of a hindrance than a help in winning overseas orders.

They are over-cautious and unwilling to take what exporters believe are justifiable risks. They take too long to give credit clearance and arrange finance so that orders are often lost. The market and other information they provide is neither specific enough or clear enough. Far too much of it is given in incomprehensible financial jargon.

Exporters say that banks are out of touch with industry and feel they would do well to include staff with industrial experience on their export-finance teams — as indeed some banks now do. They should visit companies and factories more often and not just see things on paper. They should adopt a more entrepreneurial spirit.

Instead of hiding behind the security of 100 per cent unconditional ECGD bank guarantees they should take on some of the risk of Britain's export effort and not just the profits. To an extent the banks are doing so at the big contract end of the business. Following the 1977 review of their refinancing arrangement with the Government they now have to take the first five years of medium and long-term financing on their own books. Unfortunately this may well have made them more cautious still at the other end of the business. Banks are also constrained by Government restraints on their overall lending capacity.

There have been some complaints that banks are delaying the hand-over of payments

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None of this has changed much, except that in those nine years the company has twice had to move to larger premises to cope with the demand. Today it operates from one of the larger, most modern privately owned freight terminals in Britain. It's still in Barking, a couple of miles from its original premises, and employs some of the most highly skilled and qualified personnel in the freight business.

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## EXPORT MANAGEMENT IV

# BOTB prepares for spending cuts

THE BRITISH Overseas Trade Board, the export promotion wing of the Department of Trade, may find itself a little short on resources in the coming year, but it remains long on optimism.

As with other Government departments and agencies, the BOTB is bracing itself for budget cuts in line with policies outlined by the Thatcher Government. The one area understood to have been singled out for close scrutiny is the staging of overseas trade fairs, towards which the BOTB last year allocated £16.6m, some three-quarters of its overall trade promotion budget of £21.9m.

There are several factors which may work in the BOTB's favour, however, not the least of which is the commitment to freer and fairer trade between Britain and its partner nations, as stated often by John Nott, the Trade Secretary, and his deputy, Mr. Cecil Parkinson, the Minister for Trade.

The BOTB can also point to the comparatively even costs it has kept in recent years in support of its promotional efforts, and it hopes this will count for something when the final accounting takes place. It will also be keeping in mind the now somewhat weathered pledge by the new Government to help small business.

### Concerned

But far from resting on its laurels, it is concerned about the still too large number of British companies that do not use or are unaware of its services. This was brought home earlier this year in a report prepared by the ITC Research group which found that British Government export promotion services were considered more helpful to UK industry than those offered in France and West Germany. Yet it also found that some 30 per cent of British companies

claimed to make no use of these services.

In effect, there remains a communications gap, which the BOTB sees as closing only by continuous publicity and exposure in public trade functions.

The backbone of the BOTB's work since it was set up in 1972 stems from its support of small-sized exporting interests in Britain. "While we give assistance to the bigger companies, they are often quite well experienced at doing business overseas, and they can do just as well without us," one Board official said recently. "What does please us in particular is when we take a small company and succeed in opening doors for it overseas, thereby helping it mature and broaden its operations."

### Seminars

The Board readily acknowledges that putting a measurement on its success is no easy task. Officials say, however, that under the BOTB's aegis several hundred joint ventures were undertaken last year between British and foreign business interests. The Board assisted in the staging of 40 seminars and participated in numerous trade fairs and exhibitions around the world.

This year's schedule has proved just as ambitious, and the Board is "planning or considering" participation in 274 overseas trade fairs and symposia in 1980. The extent to which it will be actually able to do so will be guided by the expected downward revisions to its operating budget.

The strength of the BOTB's operations lies in the intricate network of contacts it has been able to set up with numerous other Government and commercial bodies in Britain and overseas. Perhaps the most important aspect of its work as an export promotion body is its relationship with Britain's embassies, high commissions and consulates abroad.

These provide the vital sales intelligence information at the local level overseas and function as the main points of contact between the local businessman or agent in the field and visiting Britons. There are some 750 full-time commercial counsellors attached to Britain's consulates abroad, and it is estimated there are another 750 locally engaged people assisting them.

Within the BOTB's organisational structure are 16 area advisory groups, each with a responsibility for a specific region of the world.

Often the specialists in these groups are ex-overseas commercial counsellors themselves, who have been seconded by the BOTB to work on the home front in support of outward-bound sales promotion.

Among them are the European Trade Committee, the North American Advisory

Group, the Committee for Middle East Trade, the Tropical Africa Advisory Group, the Latin American Trade Advisory Group and the all-important Sino-British Trade Council.

This last body recently sponsored the British Energy Exhibition in Peking in June, in which some 350 companies took part. It was valuable pioneering work, and on their return many of the participants held a seminar in London where they reported on the challenges, opportunities and frustrations of doing business in what would turn out to be the world's largest market place.

The Latin American group helped set up the British Industrial Exhibition in Mexico last year, the largest ever British trade show in Mexico to date, and one whose timing could not have been better, with Mexico then basking in the first flush of success from its current spate of oil strikes.

The North American group this month organised four seminars in Britain—in Sheffield, Edinburgh, Cardiff and Bristol—on the promotion of trade with the western U.S. The seminars featured participation of a British consular official stationed in Los Angeles as well as a team of UK and U.S. businessmen.

The various programmes in support of British exports got a shot in the arm 18 months ago with the creation within the Board of the Market Entry Guarantee Scheme (MEGS). The scheme, currently operating under a two-year trial term to the end of next January, is designed to help small manufacturing companies deal with the financial risk and problems associated with a venture to develop a new export market.

### Commercial

In approved cases, the scheme contributes 50 per cent of the eligible costs of the market venture in return for a levy on sales receipts. This is intended to recover the contributions with a commercial rate of return on the scheme's investments.

There are strings attached, of course, and these take the form of an annual premium that any company benefiting from the scheme's financing must pay back into it.

The MEGS disbursements in its first year were small, amounting to £800,000. Its first customer was Osro of Hemel Hempstead, a maker of metal and plastics finishing machines. The MEGS assistance, in the form of financial support for the hiring of office space and help for a new Osro operation in the U.S., is aimed at helping Osro achieve £2m a year turnover in U.S. sales by the early 1980s. To date, the programme has disbursed £2.4m to some 34 applicants with an overseas sales potential of £100m per year. It has reviewed a total of 163 applications.

The constructive efforts of the

BOTB notwithstanding, the organisation has had its own share of frustrations with recalcitrant clients—he they individuals or the business community at large.

A particularly hot issue, and one which provoked the Board to issue what amounted to a sharp rebuke to the business community, concerns what it sees as the continued

Frank Gray

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## Finance

CONTINUED FROM PREVIOUS PAGE

received from overseas buyers and profiting as a result. Not surprisingly the banks deny this, saying that such delays only occur when they have not received adequate instructions from the exporter. In the exporter's case, the bank to expect the payment then how, they argue, can they expedite transfer to the exporter?

Exporters also claim that banks do not help them enough in the use of the forward exchange market but bankers point out that all they can do is advise. The cannot, as some exporters seem to expect, make the decisions for them.

But the real problem is one of communication. The banks and ECGD may complain that exporters do not make the most of their services but the exporter is equally justified in saying that this is because these services are not made known to him. A better marketing and public relations effort is needed from the banks and ECGD. The latter is severely hampered by the paltry £200,000 or so which it is allotted by Treasury for publicity and promotion.

Banks do not suffer the same constraint and indeed invest heavily in promotion and publicity. But the traditional image of the uninvolved bank manager interested only in keeping a tight hold on the purse strings seems to remain engrained on the exporter's mind. To far too many exporters the banks still appear unapproachable. So it would seem that more marketing of the personal kind may be

required. In fact his local bank manager is not the man the exporter should be dealing with but with the export finance team—usually at head office. This is the reverse of ECGD where the exporter is far better off dealing with his nearest regional office than tackling head office. Unlike the local bank manager, who has to cover a vast range of business, the ECGD regional offices are specialists dealing solely in all aspects of export finance.

The clearers are well aware of the communication problem. Having for so long regarded themselves simply as providers of funds without any further involvement in exporting (unlike the merchant banks) they have been attempting to redress this. They have been reorganising and revamping their export finance departments while the Midland, for example, has introduced a scheme especially geared to the small exporter which provides export finance without prejudicing his existing overdraft limit.

To some extent these new efforts can be attributed to the arrival of the foreign banks on the export finance scene. But as far as the exporter is concerned this increased competition has still to produce any dramatic changes. Until it does there seems little hope of seeing the joint export effort between industry and the financial institutions which seems to work so successfully for some of Britain's main competitors.

Margaret Hughes



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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

# Entrepreneurs: self-made or trained at business school?

By Nicholas Leslie

ENTREPRENEURS do not need to be trained. Their essential characteristic is that they know what they want and how to get it. They overcome all obstacles and refuse to be intimidated by difficulties that lesser mortals would succumb to.

Such is the most common view of the successful independent businessman. It has no doubt been popularised by the image of the "poor boy made good" and acknowledged by some entrepreneurs themselves, such as bankers, who support them or die with them.

But there is evidence from several directions to suggest that this is too great a generalisation and that, while there will always be those who will plough their own furrow without outside help, there are also a great number of people who could become entrepreneurs, with varying degrees of success, if only they were given a bit of a leg-up.

The emphasis that has been placed in the last three years or so on the importance of small firms has spawned many initiatives, both political and industrial. Business schools such as London, Manchester, Durham University and Cranfield, have been running programmes during this period which in some form or another promote small business and entrepreneurship.

Feedback from these shows that individuals can be given some insight into what to expect when starting out in business on their own, and that they can learn some basic management techniques. Armed with such experience they may well set up their own company where previously they had hesitated to do so.

These programmes are largely designed for people who have had some business experience and who are in a fairly clearly defined age group of late 20s to early 30s.

The training services division of the Manpower Services Commission, on the other hand, has just completed the fourth of what it calls its New Enterprise Programmes, which aim to give people in any age group, from school leavers upwards, the chance to learn and then experience what it is really like to achieve business independence.

That does not mean it is open house to all-comers. A sifting process takes place and basic criteria do apply. The first 16-week programme in May to September 1977 at Manchester Business School prompted 300 inquiries, which were converted into 140 applications. Of these, only 16 were chosen for the programme. Fourteen finished the 16 weeks, and they established eight new businesses. A subsequent survey has shown that they are now employing 60 people and exporting 20 per cent of their turnover.

## Requirement

The basic criteria include the requirement that all participants must have a particular business idea in mind, and that if it involves technical experience they must have gained that experience.

Paul Carradine, who is in charge of the programme at the Training Services Agency, paints a remarkable picture of having initially chosen participants "by guess and by God," and of having to establish ground rules virtually as the first programme started to get under way, no other experience of such a venture was available to draw on.

Now, he says, much has been learned. For example, nobody is considered for the course who wants to set up in an entirely different area of business from the one he is giving up—in other words, "a stockbroker can not become a hotel proprietor." The dangers of such cases, he says, are that not only is

experience lacking but the switch in jobs is being made for wrong reasons.

After selection, the participants move into the second phase of the programme, which is a grounding in various management techniques and practice. Drawing on established Manchester Business School research—on, for example, how small firms are generally undercapitalised, control finances badly, and do not identify markets properly—the Training Services Division of the MSC built into its programme advice on budgeting, forecasting, a range of controls and explanations of staff legislation.

Its purpose was to show the budding entrepreneurs that they cannot rely on departmental support to advise or help them, as they could inside a large company.

The third phase of the programme involves the participants going through the final phases of setting up their business. They can do more research, make contact with potential suppliers or customers, seek out finance, arrange premises and services. All the time, they have the support of the business school behind them to advise—or even criticise. Funds are available to the participants to help defray their costs but the money is only forthcoming if the participant justifies his need to an adjudicating panel.

The new enterprise programmes are now run in conjunction with not only Manchester's business school, but also those at Durham University and London. Paul Carradine says each programme for 16 people costs about £50,000. Given that estimates put the cost of one person unemployed for a year at between £3,000 and £5,000 "if you create 12 to 14 jobs you have paid for the programme." This does, though, exclude any grants given to participants.

# How electronics is transforming the shop floor

After yesterday's study of the impact of electronics on L. M. Ericsson's managers, Christopher Lorenz describes the radical changes in its Swedish factories.

DRAMATICALLY FEWER jobs, new skills, different payment systems, smaller differentials. These are just some of the effects on the shop floor of the rapid move by L. M. Ericsson, the Swedish telecommunications multinational, into the "electronics revolution"—from the production of electro-mechanical telephone exchanges to their all-electronic successors, incorporating micro-processors by the hundred.

Ericsson's shop floor revolution has been under way for the last two and a-half years, and its impact has been dramatic. But it is far from over: the majority of the company's factories still have to undergo the transition, and labour content is continuing to fall even in those which have been converted.

By the standards of some other countries, especially Britain, the readiness of the Swedish company's shop floor workers to embrace new skills and techniques has been remarkable. Their attitude owes much—though by no means all—to blind necessity.

In the face of a slump in demand for traditional products, the stark choice was between accepting the new or throwing oneself out of work. Many chose voluntary unemployment: the sharpest part of the rundown in Ericsson's Swedish factory labour force, from 15,200 to just over 10,000 between 1975 and 1978, was achieved entirely through "natural wastage."

This is only one of the reasons why Sture Edsman, vice-president in charge of the company's electronics manufacture, says the transition to the shop floor is proving "far easier than I expected—certainly far easier than at the management level." His remark is particularly surprising, given that, as the graph shows, there has been hardly any fall in white collar jobs (though there has been a considerable shift in techniques—see yesterday's article).

A more positive source of

Edsman's satisfaction about the shop floor revolution is that those workers who preferred to stay with the company have proved surprisingly adaptable to new skills and technology, even the relatively high proportion who are aged over 50.

One of the reasons why Ericsson presents a less daunting picture of the impact of electronics than other companies is that it has flown in the face of conventional practice.

"At one stage it was expected to follow the most common pattern and open a series of new-plant factories with an entirely new workforce, already running down its old plants.

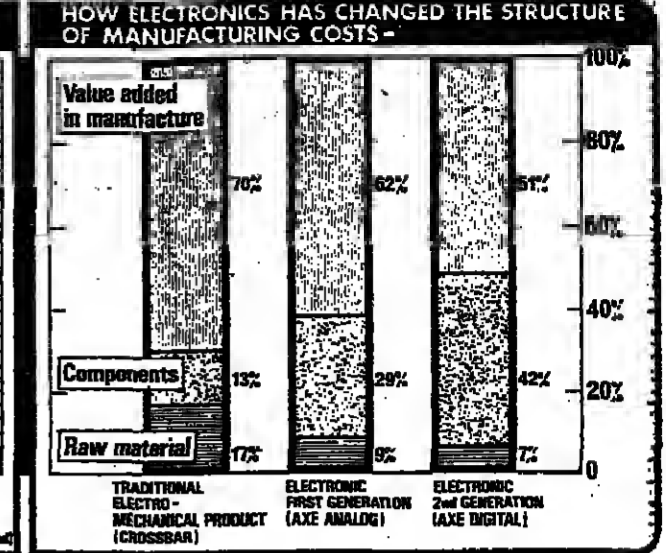
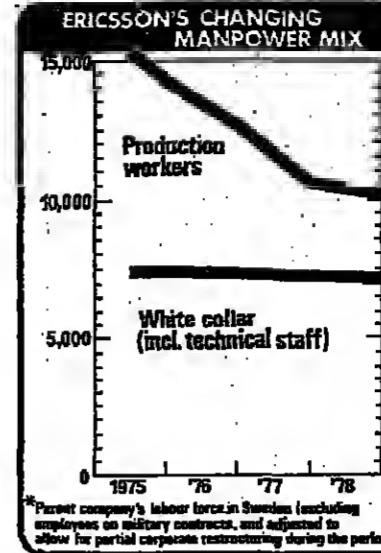


The onset of a severe market recession in 1975-76 made this politically impossible, since it would have produced large-scale unemployment across the country. Under political and union pressure, Ericsson felt forced to agree a no-redundancy policy; instead of taking the obvious course of closing a series of factories, only one of its two dozen was shut, and jobs were made everywhere.

To some extent, this has produced a far from ideal situation from the management's point of view, in which manufacture is spread relatively thinly across a large number of plants, almost all of which are working well under capacity; so far, six have been converted to make Ericsson's new "AXE" electronic exchanges.

But in other ways, this necessity has become a virtue in Sture Edsman's eyes. "At the beginning, I said it would be much easier to build new factories, and start anew. But no longer. The old employees have learned things new people wouldn't have done."

Edsman uses the word "old" in two senses. Not only has the



loyalty of established workers contributed to the success of the retraining programmes, but he has found it far less difficult than he expected to get middle-aged people to learn new skills.

For example, he denies the argument of many other companies that because of eyesight and dexterity problems, it is virtually impossible to retrain a 55-year-old female manual worker to perform the precise tasks involved in assembling electronic components and printed circuit boards. Ericsson has many middle-aged women on its electronic assembly benches.

So far, over 2,500 of its workers in Sweden have been retrained for work on the manufacture of electronic telephone exchange. The AXE retraining programme has proceeded steadily since 1977, giving each worker about three months' tuition and handling up to 70 people in any one factory at any one time. Edsman emphasises that government contributions to the cost of retraining—via several programmes, in fact—were very much in mind.

With forecasts of AXE production requirements being revised upwards incessantly, thanks to the product's unexpectedly rapid success in the market place and the sudden fall from favour of traditional technology, planning the factory coexistence and retraining programmes has been a headache.

Not that many of Ericsson's plants are unsuitable for conversion—here again, Edsman's practical experience conflicts with many other companies' theories. "It's good for the old production, it'll be good for electronics," he declares.

But there has been no scope at all for hiccups in the retraining programmes, such as

been the pressure to achieve quick results. One helpful factor here, says Edsman, has been the way every factory which is selected to produce AXE equipment welcomes it as the indication of a secure future.

Apart from the loyalty of established employees, and the obviousness of the need for new technology, there are many other factors to which the success of the retraining programmes can be attributed. One is that almost all Ericsson's production workers are represented by the same union, the metalworkers, so that few demarcation problems have arisen.

Another is the way the flow of work on the factory floor has been completely rearranged. Instead of turning out a mass of the same type of piecepart, the average worker has a wider scope of activities. In part, this reflects the way Ericsson has learned from the work organisation experiments of Volvo and others, but Edsman also attributes it to the fact that the AXE equipment itself has been designed with efficient manufacture very much in mind.

With this change has gone a fundamental revamping of the payment system. Instead of being paid on a piecework basis, most workers now receive most of their wages in the form of a flat rate, with about 20 per cent at most coming in the form of piecepart bonus.

Differentials are much narrower than before and, though average salaries have remained roughly the same, some workers had to accept a wage cut of as much as 40 per cent with the downgrading of their skills;

Sture Edsman emphasises that "large" lump sums of compensation were paid in such cases.

The process of change is far from complete. Ericsson will continue to move from one generation of electronics to another, from 16K memory chips to 64K in the AXE processor, for example, with a consequent fall in the number of printed circuit boards. As a result, the annual output per man/worker is still increasing by 10 per cent a year.

Put another way, the number of man/woman hours needed to make each telephone exchange is continuing to decline. The electro-mechanical exchange which AXE has replaced took 74 hours of labour per line to manufacture and install. Early versions of AXE, still with electro-mechanical switches, took 51 hours. Today, with an electronic (digital) switch, the figure is down to 4 hours, and by 1982 it is expected to fall another 25 per cent.

This, plus the fact that demand for traditional products is continuing to decline, can only mean that Ericsson's factory labour force will have to be cut back further, in spite of the meatful success of AXE in the marketplace. Some of the factories which have been spared from closure so far could be threatened, especially if Ericsson decides to follow the most clinically logical course of action, and load a few factories to capacity.

This is only one of the dilemmas which it, like other companies across the world, will have to resolve in the coming months and years if it is to continue to dominate its product markets. Such is the uncomfortable character of the electronic revolution in engineering—as managers, shop floor workers and their unions are beginning to discover.

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## BUSINESS PROBLEMS

BY OUR LEGAL STAFF

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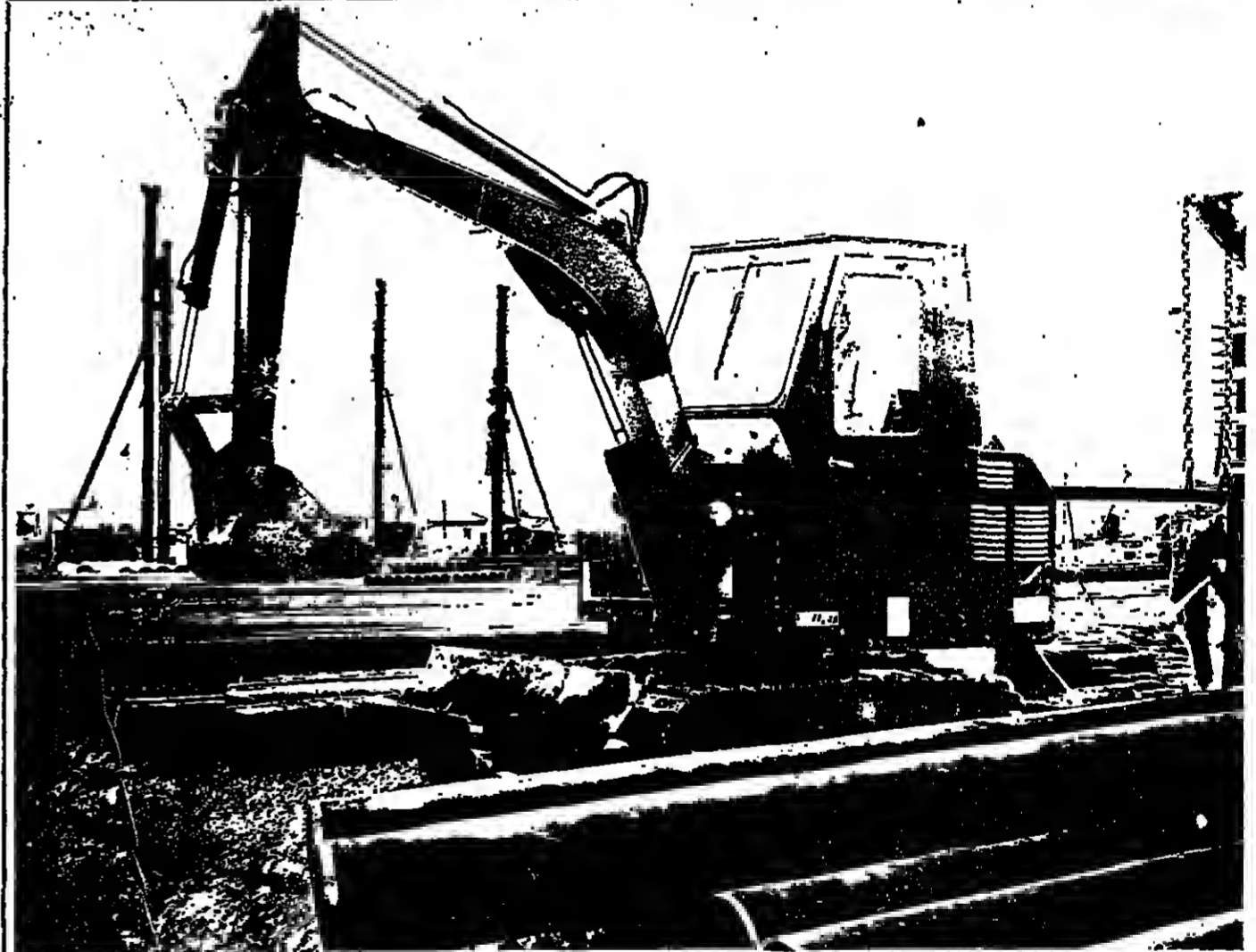
Company A is the main creditor of the bankruptcy of its former majority shareholder B, whose shares are now assets of his bankruptcy. The trustee in bankruptcy is considering distributing B's shares in Company A to B's creditors. If he does this Company A will receive a distribution of its own shares. I believe that I once heard that a Company could not hold its own shares but that it is possible for a trustee to hold its shares for its benefit. Does this provide a way?

Without application to the Court it would not be appropriate to distribute to the creditor company its own shares. They would have to be realised instead. This applies if the trustee is a nominee or trustee shareholder were employed.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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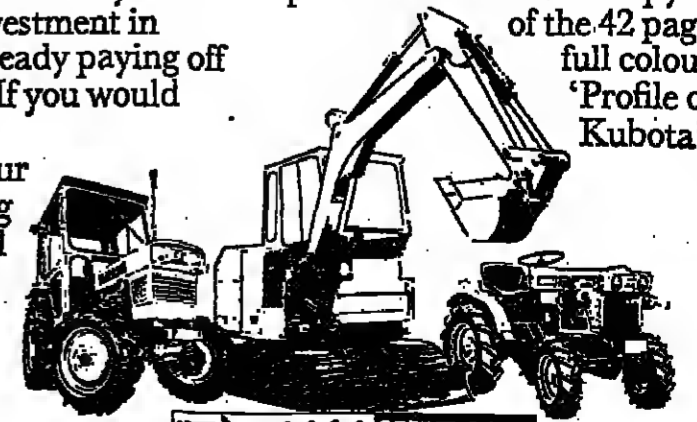
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22 LOMBARD

Caring for the engineer

BY DAVID FISHLICK

A COUPLE of voices which deserve to be heard clearly have been raised in warning about the health of engineering in Britain. They are the voices of men whose jobs—very different—give them excellent synoptic views of the patient.

Necessary skills

Engineering in Britain is taken for granted by those who are not engineers. Boards of directors fail to check before embarking on modernisation and expansion that they have the necessary engineering skills to be certain of success.

As Mr. Hillwood sees it as an association of engineers, quality was being pushed out of the market by companies whose workers would accept responsibility for their own work.

The question is whether enough people in key sectors—in government, in boardrooms, in trade unions, universities and research centres, for example—care enough about the welfare of this rickety patient.

THIS RECENT cold weather, I imagine, has closed the British gardening season for most of you. It soon becomes clear to me when gardeners' thoughts are turning to next year.

Casual questions begin to turn up in the course of my conversation: whether silver poplars make a boundary hedge, what is the prickliest shrub—rose, whether valerian is really so attractive to urban cats?

Mistakes

If you are thinking of planting a new bed or garden, there are plenty of mistakes which I can point out to you. The biggest is one which at one point I allowed to be made on my behalf.

Jane Austen pick at Pontefract

THERE is only one meeting today on the flat at Pontefract, where the programme has transferred from Beverley.

Owners and trainers will no doubt be glad, however, of the chance to gain prizes with their moderate horses, and William Hastings-Bass, for his own part, is a sportsman of no mean order.

RACING BY DARE WIGAN

maidens at starting, run over 11 miles. Sky Rider is consistent and the form book suggests that the distance will suit him.

Later in the afternoon Hastings-Bass runs Wise Man in the West-Handicap (4.45). Wise Man, like Sky Rider, is a gelding by Frankensense.

But never allow the driver to move on to any new piece of the ground without you. He will almost always cut corners and start to push the topsoil around, finally burying it beneath the sub-soil somewhere.

The far corner of my vegetable garden is a sad witness to the time spent on the telephone while it was meant to be shaped.

PONTFRACHT

2.15—Sky Rider 3.15—Gypsy Dancer 3.45—Jane Austen 4.15—English Export 4.45—Wise Man 5.15—Tina's Gold

Guernsey post rates increase

GUERNSEY will increase its minimum postage rate from 6p to 7p on February 5 for letters delivered within the island and from 8p to 10p elsewhere within the British Isles.

Mr. John de Putron, president of Guernsey Post Office Board, said yesterday that rising fuel and freight costs have resulted in a "sizeable deficit" this year on local postal operations.

You must begin with a clear idea of what you want, if the relationship is ever to be a happy one. I know gardeners who look out on superb designs of the 1960s, but feel at odds with them because they were all the work of an outside genius, planning to no brief.

GARDENS TODAY BY ROBIN LANE FOX

problems, then, begin with the spacing of trees and the larger shrubs. Almost every beginner spaces these far too closely. So do too many designers, fearing their owner's disappointment when nothing makes much progress for five years.

Personally, of course, I would always rather make my own mistakes, especially with the planting quite a close avenue. If you plant them nearer, you will probably find yourself pruning them back in mid-winter, a season when they ought never to be cut about as the cuts then invite disease.

ENTERTAINMENT GUIDE

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Most of us have to take the time much as we find it. The planting quite a close avenue. If you plant them nearer, you will probably find yourself pruning them back in mid-winter, a season when they ought never to be cut about as the cuts then invite disease.

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Size and quality of the reef vary hopelessly. You can lose three years, and half a clump, by ordering a mass-produced lot from an iris-list which is tagged on to some other speciality, lawn-seed or bulbs. Try to see your plants and choose the ones that suit you best.

Viewing

Size and quality of the reef vary hopelessly. You can lose three years, and half a clump, by ordering a mass-produced lot from an iris-list which is tagged on to some other speciality, lawn-seed or bulbs. Try to see your plants and choose the ones that suit you best.

E.T. CROSSWORD PUZZLE No. 4083. Includes grid and clues. Across: 1 Fall with rafter in case (7), 4 Placed mid-nippan gets moving (14-5), 7 Acute as a needle in the eye (5), 10 Note often supplied by doctors (5), 13 Orchestral transport gear must get on to be fashionable (9), 18 Flower given in motor race (9), 20 Faculty for nosing out what's left in trade show (5), 22 Soprano started dancing and under three times as much (7). Down: 1 Room to provide cover surface on road around top of hill (7), 2 Fasten prison officer on trousers (5-1), 3 Close in drink is modelled (5).

BBC Radio London. RADIO 1: 5.00 am News, 6.00 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News. RADIO 2: 5.00 am News, 6.00 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News. RADIO 3: 5.00 am News, 6.00 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News. RADIO 4: 5.00 am News, 6.00 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News.

Solutions to Puzzle No. 4082. Across: 1 Room to provide cover surface on road around top of hill (7), 2 Fasten prison officer on trousers (5-1), 3 Close in drink is modelled (5). Down: 1 Room to provide cover surface on road around top of hill (7), 2 Fasten prison officer on trousers (5-1), 3 Close in drink is modelled (5).

BBC Radio London. RADIO 1: 5.00 am News, 6.00 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News. RADIO 2: 5.00 am News, 6.00 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News. RADIO 3: 5.00 am News, 6.00 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News. RADIO 4: 5.00 am News, 6.00 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News.

Various entertainment listings including Opera & Ballet, Theatres, and Radio schedules. Includes titles like 'Miracles Musical', 'The Shogun', and 'The Rocky Horror Show'.

bedging, and delphiniums in a job lot. They are all a waste of money. If you are starting out with shrubs, go to a big and famous nursery which is not part of a multiple chain. Buy its best stock after inspecting it, and be thankful that its price is not even higher. So, too, buy alpines only from specialists preferably from those who grow them in something tougher than seedling compost for a quick turnover.

Viewing

Size and quality of the reef vary hopelessly. You can lose three years, and half a clump, by ordering a mass-produced lot from an iris-list which is tagged on to some other speciality, lawn-seed or bulbs. Try to see your plants and choose the ones that suit you best.

ENTERTAINMENT GUIDE

THEATRES GARRICK, CC, 01-536 4601. THEATRE DE WINDHAM, CC, 01-616 8300. ROYAL OPERA HOUSE, Covent Garden, 7.30-10.30. OPERA & BALLETS COLISEUM, Credit Card, 7.40-8.50.

Various entertainment listings including Theatres, Opera & Ballet, and Radio schedules. Includes titles like 'The Rocky Horror Show', 'The Shogun', and 'Miracles Musical'.

Arabic text at bottom right corner.

THE ARTS

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Television/Prix Italia

Familiarity breeds boredom by CHRIS DUNKLEY

One of the most striking things about international travel today is not the differences between countries but the similarities. If you do enough journeys in quick succession it is possible to find yourself driving down an airport exit road passing Esso and Texaco stations, international bad signs, and Dunlop hoardings, with Renaults and Mercedes on either side of you, and to realize that you have forgotten not only which country you are in but which continent.

shown that there are certainly unmistakable similarities even in subject matter. The Hungarian play Naked was set partly in a brothel and featured a prostitute as one of several women peopling the life of an irritating womaniser. Shown later on the same day, a delicate and plaintive Japanese music programme called The Drifting Reed concerned attempts by an old woman and a young boy to tempt the boy's father out of a waterside bordello. ITV's drama entry, Dummy, produced and directed for Britain's ATV by Franc Roddam, told the true and lumb Bradford girl whose husband turned her into a prostitute.

months seem to have been The Year of The Whore. It could of course be argued that it was not so very astonishing to find five programmes in which prostitutes featured centrally since 66 programmes were competing in the festival. Furthermore the treatment of this one subject varied quite widely. Where Dummy was so brutally realistic that it was often difficult to remember that Geraldine James is an actress and not actually deaf and dumb, The Drifting Reed was full of beautiful visual effects, frequently involving light on water and exploiting sharp black and white contrasts within a colour programme, in a manner reminiscent of traditional Japanese water-colours and woodcuts. Stylistically they were about as far apart as any two programmes in the festival, and it is pleasing to be able to report that each won the special secondary RAI prize in its category. (Dummy won Britain's only prize this year, the first year for a long time that neither the BBC nor any of the ITV companies have won any of the three premier awards at this, the most important of the world's programme contests.)

What is more the real differences between nations, and particularly between eastern and western bloc countries, did sometimes emerge very clearly from the programmes, occasionally in a way that looked almost like caricature. In the documentary section, for example, the East German entry was a half-hour travelogue about Berlin, looking like a product of the state tourist board, complete with dutiful references to the 15-year plan and workers' flats. It achieved quite ludicrous effects in its determination to avoid any reference—verbal or visual—to the embarrassingly large wall which is necessary to prevent the ob so happy East Berliners from escaping and becoming decadent West Berliners. Thus for the changing of the guard at the Brandenburg Gate the camera had to keep tilting skywards at awkward moments, and although the script claimed that from the Post Office Tower all of Berlin could be seen, the wall was again noticeable for being always just out of shot.

In vivid contrast, the American documentary, The Killing Ground, was an object lesson in open government and a free Press: ABC's reporters used the Freedom of Information provisions to obtain documents with which they faced not only chemical and drug companies but also local government officials to accuse them of failing in their duty to protect the public from toxic waste. Moreover, looking at another category, drama, you will find that all but one of the entries from the Eastern bloc countries were set safely in the past. Russia's film, French Lessons, was actually about the week's favourite topic but about the festival's second obsession: young boys, in this case a poor country boy going to school in the town in the period between the wars. East Germany's Marriage in Weitzow was a comedy (a rare phenomenon at such festivals) about scheming women attempting to trap an ex-ZoW into marriage. Poland's A Night in November was Wajda's television version of his own theatrical account of the 1830 Warsaw uprising. And Czechoslovakia's The Golden Eels featured yet another little boy, this one learning about fishing and life before and during the Second World War. Only Hungary's Naked had a contemporary setting, and that avoided any tough social or political problems.

The drama from the West, on the other hand, concentrated on just such tough problems, as we have come to expect during the past decade. In the French

Recklinghausen Theatre The Haunted Manor by ELIZABETH FORBES



Rudolf Hillebrand and Reinhard Leisenheimer

Two brothers, sprigs of the nobility and newly discharged from the army, who vow never to exchange their freedom for the chains of matrimony; a methemaking widowed aunt with unacceptable marriage plans for her nephews; two sisters who impersonate their family ghosts in order to teach the young men a lesson for the presumption of their vow—the plot of Stanislaw Moniuszko's opera Straszny dwór (in German Das Gespenster Schloss and in English The Haunted Manor) could be that of a lost Gilbert and Sullivan masterpiece, a mixture of The Gondoliers and Ruddigore. But Moniuszko is revered as the father of Polish National opera and The Haunted Manor, first produced at Warsaw in 1855, is to Poland what The Bartered Bride is to Bohemia.

The score, fluently tuneful, with mazurkas and other Polish rhythms lending it character, is full of attractive ensembles; the charming scene where the girls tell their fortunes by dropping hot wax into cold water, the splendid finale to the second act, and a quartet for the two brothers and the two sisters (the latter in the guise of family portraits) are among the best. The Hagen City Opera production, which I saw in the Recklinghausen theatre, directed by Michael Temme and designed by Floriana Tudor-Bacia, makes good use of the folk element, especially in the sub-plot which deals with the machinations of Damazy, an elderly courtier who fancies one of the sisters himself. From the genuine Poland of the early nineteenth century to an imaginary Cracow in the early eighteenth: Carl Millöcker's operetta, Der Bettelstudent, despite its mazurkas, remains obstinately and gloriously Viennese. The original text, by Scribe, from which Zell and Genée drew their libretto, was set not in Saxon-occupied Poland, but Spanish-occupied Portugal! Rolf Lansky's production at the City Opera, Aachen, with colourful sets (Matthias Stevens) and costumes (Renate Schmock), provides an excellent background for some lusty singing, especially from Willy Schell, who plays Symon, the Beggar Student disguised as a millionaire prince. His aria, 'Ich hab' kein Geld'—a favourite encore piece of Jussi Björling's—is stylishly given. Another fine performance is that of Reiner Suchsardt as Colonel Ollendorf, the Saxon garrison commander, while Peter Sauerwein conducts energetically.



Janet Sudgeon, Geraldine James and Manda Naylor who play Sandra at different ages in 'Dummy', the only prizewinning British entry in this year's Prix Italia

Festival Hall ECO/Perahia by DOMINIC GILL

The English Chamber Orchestra made a decent but faintly slumbrous start to their all-Mozart programme on Monday evening—ensues without a conductor are often slower to warm than those who have a baton to urge them. The Linz symphony, directed from the leader's desk by José-Luis Garcia, was solid and well-mannered enough, but without remarkable feature—excepting only a number of splendid individual instrumental contributions which shone, with customary ECO brilliance, through the texture. Even in the finale of the Linz, the spirit had not completely surfaced—though it was rising fast. But in the two piano concertos which followed, directed by Murray Perahia from the keyboard, it emerged unhesitatingly. As his overture to the great C minor concerto K491, Perahia offered us a rare glimpse of the

Warehouse Men's Beano

A day trip from London to Brighton, July 14, 1979, says the programme, and Nigel Baldwin has shown us this and no more. He is a very clever writer, he has a beautiful company of the ESC's younger players, and they are ably directed by Bill Alexander. The characters are vividly and variously shown, and there is incident enough to hold the attention tant for the hour and three-quarters' duration. But this is not my idea of a play. Mr. Baldwin has already shown us his ability to imitate the speech-patterns and behaviour of his fellow-men, and there is nothing more socially significant in his choosing his models from the foul-mouthed drunks on a pub outing than from the members of White or the Athenaeum. Men's Beano is just a bit of video, a record of what has been seen and heard around him. For those who want to know in more detail what these things are, they include a lot of drinking, a lot of sexual bunting and occasional ventures into the barren lives of the middle-aged. With respect, I don't think the ESC is doing its job by filling the Warehouse with triviality of this kind. It's not enough to use a studio theatre simply to exhibit exercises—for that is what Men's Beano is, admirably as it is contrived. Somewhere, it seems to me, there should be a commanding intellect to lead these clever young writers into more fully conceived paths, instead of flatteringly their own by displaying their juvenilia as if they were masterpieces, and I use that word in its proper, acidom-appreciated meaning. Some smashing playing, at any rate, from Anthony Higgins, Bill Buxter, Cheryl Hall, Joseph Greig and the rest. B. A. YOUNG

'Book of the Season' launching

On October 29 the Booksellers Association Service House (BASH) will launch the first 'Book of the Season'—a scheme designed to boost book sales and bring more customers into bookshops. It is said to represent a new concept in co-operative promotion, unprecedented in Britain's book trade, with a panel of leading booksellers and publishers selecting a major new book with bestselling potential to be offered to the public at a special introductory price. BASH will back the 'Book of the Season' with countrywide radio and Press advertising, and full-colour bookshop display material. The first book chosen for this scheme is Winford Vaughan-Thomas' The Countryside Companion, published jointly by Hutchinson and Webb Bower.

Bishopsgate Hall Imai/Schiff

Those of us with memories that go back to the time of the first performance of Walton's Violin Concerto recall the viola's gradual emergence from the shadows where for long it had lurked, like the counter-tenor, doing honourable but inconspicuous duty in the middle of the musical pudding. Now Cinderella has become a big girl and put on weight, as one was reminded by yesterday's lunchtime recital given for the City Music Society by Nobuko Imai with Andras Schiff at the piano. Miss Imai is a powerful player. I missed the first two movements of her Bach Sonata (for gamba, BWV1029) but was almost knocked down by the amount of tone she was producing in the finale. In Schumann's

WNO to open in London

Welsh National Opera's first London season for more than 14 years will feature five operas in five nights at the Dominion Theatre, Tottenham Court Road. The season, the first of five annual opera festivals sponsored by Amoco, will represent a cross-section of the company's repertory. It opens on December 11 with Jipceck's The Mikropoulos Cape with Elisabeth Söderström as Emilia Harry, David Pountney's widely-acclaimed production was first seen a year ago and has been televised on BBC2. This will be followed by The Magic Flute, directed by Góran Jarvelid.

A guide to Britain's biggest and most flexible parcels service.

Advertisement for Royal Mail Parcels. It features a vertical column of caricatures of famous British figures (Neil Taylor, Albert Ward, Dick Whittington, Brian Easton, Mike Hayes) and a large illustration of a man in a suit holding a parcel. The text lists various services: 'We're flexible', 'National distribution', 'We can offer 4 different solutions', 'County Parcels', 'Expresspost', 'Direct Bag Contracts', 'Lightweight Packages', 'A little local difficulty? Talk to us!'. At the bottom, it says 'Royal Mail Parcels We mean business' and includes a coupon for requesting more information.

Four Edinburgh 'Fringe' hits come to the West End

Brian Rix is to bring the four most successful shows, in terms of box office success and critical acclaim, from this year's Edinburgh Festival Fringe to the Shaftesbury Theatre, London, for a limited season starting on October 1. The package is called Lunatic Fringe and the four shows will play in repertory. They are The Coarse Acting Show, based on Michael Green's book The Art of Coarse Acting, and performed by members of the Questors Theatre, Ealing; the

Advertisement for Delta Airlines. It features a large illustration of a Delta airplane in flight. The text reads: 'London to Atlanta, Georgia Only Delta flies non-stop'. Below the illustration, it says: 'Leave Gatwick Airport any day at 1205 and arrive in Atlanta at 1605. Easy connections east to coast. Call your Travel Agent. Or call Delta Air Lines in London at (01) 668-0935, or call Crawley (0293) 517600. Delta is ready when you are. SCHEDULES SUBJECT TO CHANGE WITHOUT NOTICE.'

# FINANCIAL TIMES

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Wednesday September 26 1979

## Moderation is the motto

HAWKS on both sides of industry may be disappointed by the Government's latest batch of discussion papers on labour law. The Government has chosen a path of moderation which is unlikely to satisfy either union militants or die-hard employers, itching for a fight over issues of principles.

### Industrial relations

The Employment Protection Act, the role of the Advisory, Conciliation and Arbitration Service (Acas) in union recognition disputes, and the effect of Fair Wages Resolutions and associated legislation on guaranteeing workers a minimum "going rate" for their region and industry are an important part of the structure of industrial relations in Britain.

Small businesses have argued that the Employment Protection Act, in particular, imposes heavy costs on firms without specialist personnel departments and undermines the personal trust on which small firms often thrive.

### Illogical & arbitrary

The Government has concluded, however, that it would be wrong to create "a second tier of employees who have less protection, especially since protection is no less necessary in small firms than in large."

## Madrid's EEC entry bid

JUST OVER two years after Spain applied to join the EEC serious entry negotiations have finally begun. Neither party is under any illusion about the difficulties that lie ahead.

### Greek case

In the Greek case, the negotiations ultimately passed off smoothly not because all the Nine like the idea of admitting another Mediterranean producer, but because the scale of the Greek economy is small.

The Community's interest is to cushion its own Mediterranean agriculture and hold off early implementation of the free movement of labour.

The two sides therefore have started off far apart and neither is quite sure of the sincerity of the other.

much more limited measure—a temporary relief, for their first two years of existence, for new firms with fewer than 20 employees. This compromise will still produce anomalies, but it is the smallest step the Government could have taken to fulfil its election pledge to give special help to entrepreneurs.

The discussion papers on union recognition and the role of ACAS and on certain laws relating to fair wages are even more unorthodox.

The immediate issues are clear. The three reforms being advocated by the Left—re-selection of MPs, changes in the way the Party leader is elected and in the drafting of the election manifesto—would in the opinion of most observers transform the way the party is run.

### Equal recourse

In a totally rational system of industrial relations, there might well be a case for bringing the law into recognition disputes.

A law like this would only be acceptable if both sides had equal recourse to ACAS and if the unions accepted its decisions binding.



The five union representatives on the Committee of Inquiry into Labour Party Organisation. From left to right: Ray Buckton (ASLEF), Clive Jenkins (ASMS), Bill Keys (SOGAT), David Bassett (GMWU), and Moss Evans (IGWU).

# The unions and the Labour Party

BY RICHARD EVANS AND CHRISTIAN TYLER

IT WILL be the attitude of the trade unions with their massive block votes and financial weight rather than the representatives of the local parties which will decide the constitutional issues at next week's party conference that could affect the direction the Labour Party takes during the next decade.

### Election verdict

Many Labour supporters remain convinced that Mrs Thatcher did not win the General Election but Labour lost it through its close identification with the unpopular trade unions.

There is unlikely to be any development at this year's party conference but it will certainly now be necessary for the inquiry into party organisation to take an objective look at the relationship.

The Manifesto Group of Labour MPs argues that as participation by Labour voters in the internal democracy and financing of the party has declined, Labour has become more prey to accusations of accepting meekly the special pleading of the unions in order to get continued financial support.

So the signs are that the pressure from the Left for constitutional reform and the coming of the organisational inquiry will unleash a whole series of questions on power and influence in the labour movement. This will inevitably train

a spotlight on the role of the unions, their methods of financing the Labour Party, and the way they cast their block votes.

Unfortunately the whole examination has got off to a bad start.

The infant that the trade unions delivered in 1900 has become a party of government.

The Right in the party says that the party's base—as distinct from its popular support—is so narrow that such constitutional changes would merely deliver the party into the hands of the Left and consign Labour to the electoral wilderness.

Inside the unions, the moderates (including now some of those traditionally described as Right or Left) are in favour of the kind of wider democracy put forward in the proposed changes—it mirrors the rules of many trade unions. But they are afraid that the cart will be put before the horse.

## MEN AND MATTERS

### On the rack in Mayfair

In front of me is a leaflet from a Park Lane hotel sent in by a reader. It is headed "Rock Rates" and lists accommodation ranging from £51-£224 a night.

The Diplomatist magazine has just conducted a survey of London's 4- and 5-star hotels prices which, together with the strong pound, go a long way towards explaining this year's drop in the tourist figures.

### Winning arts

Messages like "dump Degas, hold Hobbins, buy Braques" will soon be on their way to a small but select band of investors who make use of a new investment service offered by Citibank.

If you happen to have a large quantity of spare cash cluttering up your life, Citibank will be happy to invest it for you in "art portfolios" and run your investment like a securities portfolio.

art and real estate, they point out.

Others are less enthusiastic. Antique and fine art dealers see it as a concerted threat to their market.

Impervious to such grumbles, Citibank says it already has plenty of inquiries, despite the 5m bottom limit which has been imposed to limit the service to "serious investors."

### Bad risk

Reports of murder and bloodshed continue to flow from Uganda, which seems little improved from the Amin era.

### Who's counting

Now that the controversial financing arrangements for Pan Am's purchase of Lockheed TriStars with Rolls-Royce RB-211 engines has been completed, the American aircraft manufacturer seems to be turning its mind to other problems.

delivered over five votes, the constituency parties some 676,000 and other affiliates about 55,000. The union subscription by central funds was £1.5m last year compared with under £150,000 from local parties.

At present the inquiry, set up at the suggestion of the trade unions, is to be conducted by five union leaders and five members of the NEC.

But the Labour Co-ordinating Committee argues that the party rank and file should have an equivalent say because the constituencies probably produce as much income for the party all over the country as the trade unions.

The union affiliation is itself a curiosity. The numbers represented at conference are not the same as the numbers paying the political levy with their union subscription.

The second great link between the unions and the party is the union-sponsored MP (who existed before the present Labour Party was set up).

In the last parliament there were 149 sponsored MPs and another 36 candidates for the general election.

Unions can spend on their MPs at election time 80 per cent of the maximum amount train politicians.

### Co-opted members

There are also links between the TUC economic committee and the home policy sub-committee of the party executive.

Locally, trade union branches can affiliate to constituency parties and canvass a say over selection of MPs (not least their own) by ending members to the general management committees.

Ultimately there need be no dispute between the party and the trade union leaders about the need to convert "paper" party members in the unions' affiliated votes into real local activity.

In historic disengagement of the kind is a far more delicate matter. But it might prove much more popular with the unions if it is generally realised—provided, of course, they can be persuaded that it is for the good of the party, not merely of certain MPs at election time.



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هكزان الا حمر



# Bush House's fight against big spending cuts

The BBC External Services—a lifeline of radio news for world people around the world—face a day of imminent spending cuts which the BBC claims threaten 25 per cent of its organisation's broadcast output.

As concern inside the BBC's mounts, it has organised an international campaign to oppose the cuts.

The External Services are known by few people in Britain, and have been heard by even fewer. But to millions overseas, their transmissions—in English and 38 other languages—are the only source of balanced and objective news available.

In authoritarian societies where the mass media is closely controlled, and elsewhere at times of political crisis, the External Services of the BBC have an unrivalled reputation for meeting the requirements of those who prefer objective news and analysis to government-filtered propaganda.

But now, whose language services are in jeopardy, and transmissions to huge areas of the world may be abolished. The British Government, committed to large-scale cuts in public spending and reluctant to limit special cases, would like the External Services to pay £4m from next year's £48 budget.

Cost-cutting has become a major of routine over the past decade: four cuts in recurrent spending have been imposed, as well as an in capital spending. But the unprecedented scale of cuts called for this year, coupled with what is seen in the BBC as the indiscriminate cuts with which the Government has set about cutting the External Services, has raised alarm at Bush House, London headquarters of the External Services.

Mr. Gerard Mansell, Director of External Services, was given four hours to prepare proposals showing how £4m could be saved. The Foreign Office

apologetically concedes that this short notice was "unfortunate."

After two months of special pleading, Mr. Mansell's case for less draconian cuts now rests. A decision on the fate of the External Services must be made urgently, according to the Foreign Office, and will certainly be made before Parliament re-assembles on October 22.

The External Services were born in 1938 out of the embryo of the Empire Service. First transmissions were in Arabic, and were made specifically to counter Mussolini's Radio Bari, set up in the south of Italy to transmit propaganda about Italy's invasion of Abyssinia.

Today, programmes are transmitted from Bush House for 24 hours a day, seven days a week, in English—the World Service—and in 38 foreign languages ranging from Finnish to Vietnamese, from Portuguese to Swahili; a total of 710 hours a week. The regular services claim an average daily audience of 75m people, while the World Service is listened to by 25m. These figures exclude audiences in the Soviet Union and China, where reliable audience research has been impossible.

**Major impact**

There are now understood to be more than 1bn radio sets in use around the world, compared with 250m a quarter of a century ago. Most of these are owned by people in developing countries. It is in such areas that the BBC makes the biggest impact, usually in the local vernacular language rather than English.

Listeners go to remarkable lengths to hear the BBC: from the central Chinese province of Guizhou, a 37-year-old listener recently wrote that he had spent "27 barren years in this place" until he built himself a radio receiver and began to listen illicitly to the BBC Chinese

language programmes. Similar examples abound.

During the recent revolution in Iran and the troubles that followed, the Iranian people relied heavily on BBC news transmissions in Farsi rather than the government-controlled media to discover what was happening around them—a fact that greatly irritated the Iranian authorities.

Mr. Mark Dodd, head of the Eastern Service, claims his team of journalists broadcasting to Iran, Afghanistan, Pakistan, India and other parts of South Asia, "have earned their spurs" in the past year.

"A government in power, particularly if it is in any way authoritarian, finds the chink in its information control very embarrassing," Mr. Dodd said. "We are being asked to cut back transmissions when this part of the world is in a more turbulent state than it has been for a long time."

The External Services are financed out of a government "grant-in-aid" which is handled by the Foreign Office. While the BBC is given editorial freedom, the Foreign Office determines the languages in which the BBC transmits, and the number of transmission hours in each language.

The BBC is asked to broadcast "the national interest," which has led to occasional Foreign Office intervention. Such intervention is infrequent. The External Services also include the BBC Monitoring Service, based at Caversham in Oxfordshire. This £4m-a-year operation listens in to radio transmissions around the world—particularly to those in closed societies like the Soviet Union, China, Vietnam and Kampuchea—and publishes a daily summary of news for fee-paying subscribers who are mostly journalists or government officials. Twenty per cent of the Monitoring Service's costs are paid for by the Ministry of Defence.

**THREE POSSIBLE WAYS TO CUT £4m**

● SERVICES to West and Southern Europe abolished (in French, German, Spanish, Portuguese, Italian, Greek, Turkish and Finnish)	Save £2.7m
Service to Latin America abolished	Save £0.8m
Close down Caribbean transmitter (used for Latin American Service)	Save £0.4m
<b>Total saved £3.9m</b>	
● EASTERN Service abolished (in Farsi, Urdu, Hindi, Bengali, Tamil, and Nepali)	Save £1.0m
Service to S.E. Asia abolished (in Japanese, Mandarin, Cantonese, Thai, Vietnamese, Burmese, Malay and Indonesian)	Save £1.2m
Close down transmitter to S.E. Asia based in Singapore	Save £0.4m
African Service (in Hausa, Swahili and Somali) abolished	Save £0.3m
Trip Monitoring Service	Save £0.3m
<b>Total saved £4.0m</b>	
● SERVICE to West and Southern Europe abolished	Save £2.7m
African Service abolished	Save £1.0m
Trip Monitoring Service	Save £0.3m
<b>Total saved £4.0m</b>	
● By cutting services to East and Central Europe (in nine languages)	Save £2.0m
and £2.3m could be saved.	

The Government says that Britain, now in straitened circumstances, has to tailor its cost according to the cloth in hand. Mr. Peter Blaker, Minister of State for Foreign and Commonwealth Affairs, argues that the BBC External Services cannot expect to escape the axe when everyone else is being forced to make cuts.

The government recognises that Deutsche Welle, West Germany's external radio broadcaster, has twice the revenue of the BBC's External Services, while transmitting 798 hours of programmes a week—just 10 per cent more than the BBC. Deutsche Welle also plans to add Korean and Japanese to its language services, evidently to tap the fast-growing trading opportunities in South East Asia.

"When our economy is as strong as the German economy,

then perhaps we too can think again about expanding our services," Mr. Blaker said in a recent interview.

The implications of a £4m cut from the External Services budget are described by the BBC as genuinely alarming. In discussing details of possible savings, the Government has evidently made it clear that it does not want to see certain services cut. These "safe" services include the English language World Service, the vernacular services to Eastern and Central Europe, and the Arabic Service.

Bearing this in mind, the BBC has presented the Foreign Office with three cost cutting packages—which it insists are "purely illustrative" (see table). It also insists that if whole services are to be cut, then the Foreign Office will have to wield the axe, because the BBC refuses to do so.

Each illustrative package con-

tains—perhaps deliberately—a "catch 22": closing down the Caribbean transmitter on Antigua would mean shutting off Latin America not only from its vernacular services (in Spanish and Portuguese) but also from the World Service. The same applies if the Kranji transmitter were to be shut down in Singapore.

Mr. Gerard Mansell insists that the External Services have to be viewed by the Government as a special case, and presents a battery of arguments to support his claim:

● The External Services have been pruned seven times since 1965, so any fat has long since been cut away. To cut eight per cent of the budget entails losing between 17 and 25 per cent of the present broadcast output.

● The Services offer extremely good value for money. While it costs £19,055 to make one hour of television for BBC TV, it costs £1,808 for one hour of domestic BBC radio, and just \$841 for an hour of programmes produced by the External Service. In real terms, costs per hour of programme production have been trimmed by 51 per cent since 1970.

● The BBC's hard-earned reputation for impartiality would be brought into question if vernacular services were to be limited to politically sensitive areas where the British government has specific foreign policy interests—like the Warsaw Pact countries, or the oil-rich Arab states, or the ill-rich Arab states, or the ill-rich Arab states, or the ill-rich Arab states.

● The universal spread of our broadcasting enables us to say that we speak with the same voice to all, we are even banded, we believe in the truth and in getting it right. As soon as we start juggling of parts of the world, then we start making ideological statements about the purpose of our broadcasting.

● The Budget, even before cuts, is extremely small. For example,

the Far Eastern Service, which broadcasts in Mandarin, Cantonese, Indonesian, Japanese, Malay, Thai and Vietnamese, has £654 a week to spend on programmes—mainly contributors' fees and scripts. The Hindi Service, which transmits 16 hours of programmes a week, has £210. The weekly programme allowance for the Swahili Service is just £46.

● Capital investment in new transmitters, and in replacing antiquated broadcasting equipment at Bush House, is urgently needed. A recently-published BBC document said: "It is literally a race against time to replace some studios and transmitters before they break down irretrievably."

● Expertise which has taken many years to acquire would be lost, and would not be recovered easily or quickly.

● Audiences, once lost, would not be easily retrieved. The Thai language service, which went off the air for 18 months early in the decade, took five years to regain its original audience. It is no accident that Radio Moscow, transmitting in English, uses programme formats and presentation styles remarkably similar to those used by the BBC World Service. Nor is it an accident that Radio Moscow transmits on wavelengths right next to those used by the BBC.

**Expansion**

The threatened cuts also coincide with a rapid expansion in the numbers listening to the BBC.

Mr. Joba Harding, deputy head of the Chinese service, claims his section is now getting 2,000 letters a month from Chinese listeners. In the 10 years up to November last year, the BBC received a total of 20 letters.

"The Foreign Office must be out of its mind if it wants to

## Letters to the Editor

### An unfortunate confluence

ber 19 attracted my attention. I refer to those on the British Institute of Management guide for managers on funds available to employees who take strike action and the CBI proposals on strike insurance. Were it not for the date, I might have been led to the conclusion that we were still in the Silly Season.

A strike usually represents the failure of either side to correctly gauge the relationship of power or determination in a given situation. Any attempt to alter that relationship by external means, merely causes a re-alignment or adjustment to the new situation.

The BIM may teach its members to suck eggs if it so wishes but it and the CBI should consider the proposition, that the problem posed by the BIM is the reverse side of the coin to the proposals of the CBI. It therefore follows that with the potential funds at my disposal, my only problem would be to choose a broker not engaged by an employers association. If the CBI proposals come to fruition, the only beneficiaries would be insurance brokers and insurance companies.

H. Woolf, Teddington Lock, Middlesex.

**Railway pension schemes**

From the General Secretary, The British Transport Officers' Guild

Sir,—British Railways Board is often cited by Mr. Nottage (September 18) as a prime example where a pay-as-you-go pension system should replace the existing funding principles. I should like to raise two very important points in this respect.

In the BRB schemes, unlike those of the civil service, members pay a substantial percentage of the cost of current service benefits. Indeed, the amount paid by the members puts them at the upper end of the contributions league table for both private and public sector pension schemes.

In the modern railway pension schemes (to which about 90 per cent of railway employees currently belong) there is no guarantee of solvency in respect of current service benefits. This is completely different from the situation in the civil service and in many private sector schemes where the employer meets the balance of the cost. If there is an actuarial deficiency in BR pension schemes, then the management committee (comprising 50 per cent employer and 50 per cent member representatives) has to decide whether to increase contributions or to reduce benefits.

It is true that certain of the older railway pension schemes, and the benefits transferred from them to the modern schemes, are guaranteed by British Railways Board. The Government, however, has always refused to commit itself to honouring these guarantees in the event of the Board's being unable to meet its obligations to the pension schemes.

Even the limited measure of financial support that the British Railways Board was to receive in respect of these inherited pension obligations under the

## Letters to the Editor

### Manx Radio wavelength

From Mr. H. Robin

Sir,—I refer to your item in Men and Matters (September 11) concerning the use of medium wavelengths and Radio Manx on 219 metres. Having substantial experience of frequency allocation problems I find the impressive statement by the Home Office "... if they (Radio Manx) expand the allotted power they will be interfering with other stations" a classic example of a Civil Service cover-up statement.

What other stations? The 1975 Geneva final allocations show stations in Poland and Italy relevant to the argument. The term "interference" is precisely defined technically in the Geneva final acts.

One can only comment that if Radio Manx wished to increase its transmitter power to cover a substantial proportion of the UK and Eire, with the proper design of a directional antenna system, there would be no significant "interference" with Polish or Italian stations.

The general conclusion has to be that the Home Office delegation at Geneva in 1975 did not secure an adequate number of wavelengths for broadcasting stations within the British Isles so that Radio Manx is threatened in consequence. I recall also that the directors of engineering at both the BBC and IBA are on record that they are less than satisfied with the results of the 1975 Geneva conference.

Harold Robin, 17, Broadwater Down, Tisbury, Wilt, Kent.

### Attitudes and expectations

From Mr. A. MacLean

Sir,—I wonder if any of your other readers were as forcefully struck as I was by the full-page advertisement taken by the Association of Scientific, Technical and Managerial Staffs on September 18.

After warning readers of the loss of jobs which will be caused by "the chip," the advertisement takes an interesting course. It might, you would have thought, have attacked the evil, unemployment—creating technology of which the chip

## Letters to the Editor

### Cancer research finance

From the Director, Action on Smoking and Health

Sir,—Mr. Stanley Alderson's idea (September 20) that annual meetings of the big cancer charities should be thrown open to the public and for greater accountability in general is to be applauded, but there is another point which both the charities and their potential donors should make an even greater priority.

The largest single cancer killer for British men is lung cancer, and while breast cancer occupies this spot for women, trends indicate that lung cancer will overtake in a few years. Over 90 per cent of lung cancers are preventable: this disease is almost exclusively caused by smoking. The amount of money devoted to prevention by major cancer charities is almost negligible.

An even greater number of smokers die from coronary heart disease as a result of smoking than those who die from lung cancer. Yet while vast amounts are spent by the British Heart Foundation and others on research which benefits just a few lucky patients, almost nothing is spent on prevention.

Medical charities justify their lack of involvement in preventative medicine by referring to the "research" appeal by which they raise funds. Those struggling on tiny budgets to try to prevent more than 50,000 premature deaths each year caused by smoking are entitled to ask why British medical charities find this a problem when their American and European counterparts can devote a substantial portion of their moneys to preventative measures. A sensible review of priorities might encourage more rather than less public support.

David Simpson, 27-35, Mortimer Street, W1.

## Letters to the Editor

### Today's Events

**GENERAL**

U.K.: Mr. George Younger, Scottish Secretary of State, opens new power station at Iverpink, Firth of Clyde.

Gas industry national joint council meets to discuss pay claims, London.

Liberal Party conference continues, Margate, (until September 29).

Trades Union Congress general council meets, Congress House, London.

Police Superintendents Association conference concludes, Torquay.

Labour Party national executive committee meets, Transport House, London.

ITV management and unions resume negotiations at ITCA headquarters, London.

National Research Development Corporation publishes 13th annual report.

Health Service Commissioners publish report.

Headmasters' conference opens, Trinity College, Cambridge (until September 28).

Overseas: EEC Agriculture Ministers conference opens, Dublin Castle (until September 28).

Palestinian autonomy talks start between Egypt and Israel, Alexandria.

EEC Energy Ministers in talks with U.S., Canada, and Japan on reducing oil consumption, Paris.

Sir Kenneth Clark, Lord Mayor of London, starts two-day visit to Brussels.

**COMPANY RESULTS**

Final dividends: A. Beckman, Campari International, S. Caskett Holdings, Ferry Pickering Group, Hunt and Moscrop (Middleton).

Interim dividends: Alpine Holdings, Hanger Investments, John Laing, Rotork.

**COMPANY MEETINGS**

Alford Colloids, Gleckheaton Road, Low Moor, Bradford 30 Courts (Farnibers), Crown House, Morden, Surrey, 11. Daase Investment Trust, 44, Bloomsbury Square, WC, 12.50 Hallite, Kempton Manor, Kempton Park, Sunbury-on-Thames, Whiteport, 12. Renard Smith Downshire House, Croydon Road, Garfitt, 3. Joseph Stocks, 57 Stanley Road, Whitefield, Manchester, 11.

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UK COMPANY NEWS

Barratt Developments jumps to record £20.7m

ON turnover of £169.78m against £122.51m, profits before tax of Barratt Developments increased sharply from £11.17m to a record £20.66m in the year ended June 30, 1978. First half profits had doubled to £8.2m.

Demand for the group's houses in all price ranges remains strong and the group is coping well with the current shortage of mortgages, the directors say. The number of Barratt houses being built and sold continues to increase and the group's share of the UK private housing market is still rising.

Net earnings per share for the year are stated as 54.3p against 37.4p and the final dividend is 7.355p raising the total from 8.179p to 10.25p.

The directors say the newer housebuilding subsidiaries, particularly in the West Midlands and southern Scotland are making an increasingly important

HIGHLIGHTS

For years debenture stocks have been absent from the new issue scene which makes the floating by London Trust of a £15m debenture something of an event. The Lex column looks at the background to this advent and also discusses the reasons for IBM's much larger \$1bn bond financing plans on the other side of the Atlantic. On the company results front Kleinwort Benson is up after six months but is cautious for the rest of the year while Barratt reports an 86 per cent increase in pre-tax profits with a sharp rise in house prices giving much wider margins. Finally, Lex considers the results from LASMO which has announced a first payment on its oil production stock. Elsewhere Barrow Hepburn produces flat first-half profits while Armstrong Equipment looks equally sluggish with full-year profits showing a marginal downturn in the second half. Unicorn's margins are under pressure, but happier news came from Brent Chemicals, United Newspapers and Tomatin.

is making excellent progress.

The directors have reviewed the current market value of the group's investment properties and are of the opinion that there is an excess of over £5m over the book value.

This valuation refers only to those investment properties physically complete at June 30, 1978, and takes no account of the anticipated value of industrial and commercial developments in progress.

The substantial progress made in the current development programme of commercial and industrial investment property will increase investment income from £1.3m to £3m by 1981.

The group currently holds 33,000 plots of high quality developable land all with plan-

ning permission. Overdrafts at £29m are all from six major clearing banks in England and Scotland who have currently made available overdraft facilities of £73m, the directors state. Capital commitments, including those authorised but not contracted amount to £6.1m, of which £3.7m relates to investment properties in course of development.

In October, 1978, the group acquired Ash Homes, based in Sutton Coldfield, together with certain associated interests, for a consideration of £2.6m. For the 10 months to June 30, 1978, this acquisition contributed £842,000 to pre-tax profit. During the year new subsidiaries were established in Birmingham, Woking, Cardiff and Glasgow.

The directors say they have decided to reduce the disparity between the interim and final dividends by increasing the interim to about 54 per cent of the total paid for 1978. They add that this should not be taken as an indication of the amount of the 1979 total, which will be determined in the light of the results.

After tax of £767,371 (£528,085), stated earnings per 25p share are up from 7.72p to 11.56p.

The coupon rate on this week's batch of local authority yearling bonds is unchanged at 13 1/2 per cent. This week's issues are priced at par and dated October 1, 1980.

The issues are: Wycombe District Council (£1m), Cuningbame District Council (£1m), London Borough of Ealing (£1m), Chertwell District Council (£1m), Birmingham District Council (£1m), City of Swansea (£1m), Chester-le-Street District Council (£1m), London Borough of Southwark (£2m), Borough Council of Gateshead (£375,000), Bassetlaw District Council (£1m), Rossendale Borough Council (£1m), North East Fife Regional Council (£1m), City of Kingston Upon Hill (£1m), North Tyneside Metropolitan Borough Council (£1m).

Shell invests extra \$1.9bn

BY RAY DAFTER, ENERGY EDITOR

The Royal Dutch/Shell Group had to invest about \$1.9bn in additional net working capital during the first half of this year, largely as a result of the big rise in oil prices, Mr. Dirk de Bruyne, president of the Royal Dutch Petroleum Company, told U.S. oil analysts yesterday.

The investment was on top of the \$2.17bn worth of capital expenditure financed by the group during the January-June period, he said. Mr. de Bruyne said that the preservation of the group's cash situation had become extremely important. "The additional cost of inventories will have to continue to be recovered in the market for our products."

He was making a presentation to the New York Society of Security Analysts along with Mr. Michael Peacock, chairman of Shell Transport and Trading. Both are managing directors of the Royal Dutch/Shell Group.

The analysts were told that between 1971 and the end of 1981, the amount of money which the Group had tied up in stocks had increased from \$1.7bn to \$6.5bn. Over the same period the amount of net working capital had increased from \$1.9bn to about \$6bn.

However, while higher crude oil costs caused working capital and cash problems, they also added considerably to the prospects for oil and gas exploration and development. Over the past decade Shell companies had spent more than \$10bn on such operations, of which 60 per cent had been spent over the past three years, said Mr. de Bruyne.

During the 10-year period the percentage of the group's total capital expenditure devoted to exploration and production had increased from 28 per cent to 47 per cent and total capital expenditure worked out at more than 160 per cent of net income.

Kleinwort Benson plans 1.4p dividend increase

A RISE of 1.4p in the dividend for the year 1978 is forecast by Kleinwort Benson Ltd, the banking and investment trust group. The interim payment is being lifted from 1.5p to 2.9p and a final of 3.5p is intended, subject to unforeseen circumstances.

For the first half of the year group profits (although not disclosed) are better than the corresponding period last year, the directors state.

However, continuing pressure on margins and increasing costs suggest that "the prospects for the second half should be viewed with some caution."

In 1978 the group pushed up its net taxed profit from £7.48m to £9.08m. This comprised banking £5.12m (£4.17m) after the usual transfers and provisions; other group companies £1.92m (£1.74m); and associated companies £1.96m (£2.17m).

At June 30, 1978, assets had risen to £1.83bn, as shown in the table. Advances and other accounts stood at £587.22m and current, deposit and other accounts at £1.43bn.

Table with 2 columns: June 30 1978, Dec 31 1977. Rows include: Sullion, cash; Short notice; Quoted invest; Advances; Leasing assets; Deferred assets; Fixed assets; Capital; Reserves; Loan capital; Current, deposit etc; Total.

(£38,367), leaving the retained balance well ahead at £187,474, against £14,704.

Sunlight Service up midway

Reporting a profit improvement for the first half, the directors of the Sunlight Service Group are expecting a satisfactory increase in 1979 profits together with a rise in the dividend total.

For the half year to June 30, profits were up from £377,174 to £459,000 before tax of £238,000 (£196,130). Turnover was £8.33m against £8.98m.

The interim dividend is raised from 0.4015p to 0.5p, an increase expected to be increased by no less a percentage. The total last year was 1.345p from record pre-tax profits of £1.07m.

Despite the weather and industrial disruption in the early part of the year, all divisions made a useful contribution to profit. However, trading in the linen hire division has been less buoyant than expected, the board states.

Legal & Gen. pension plan

A £250,000 advertising campaign has been launched by Legal and General Assurance to market the company's self-employed pension contract the Personal Retirement Plan.

The company estimates that fewer than 30 per cent of self-employed persons bother to make pension provision through a life company plan, even though they do not qualify for earnings-related pensions under the new State

pension scheme. Mr. Ted Ty, the life manager of L and G, considers there is a tremendous potential in this market with about 1.9m self-employed people plus a further 500,000 persons with some kind of self-employed earnings.

"But the company is not just confining its campaign to the self-employed. Any person who is not a member of an approved company pension scheme can take out a personal pension contract. This applies to employees whose employer has made no other pension provision. There are about 6m such persons and the campaign, scheduled to last for two months, will in a later stages switch to these potential investors."

L and G, the largest company pensions firm in the UK, has also redesigned its booklet for clients designed to explain the pension scheme to members.

Bulgin up to £0.68m halftime

FOR electronic and electrical component manufacturer A F Bulgin the half year ended 31 1978 has shown progress, with profits up from £631,000 to £883,000.

Demand remains good and directors hope the new products introduced in the current year will begin to contribute to stability in the near future.

After tax of £385,000 (£338,000) the net profit comes out at £328,000 (£303,000), for earnings of 1.37p per share, against 1.26p. The interim dividend is 0.58p (0.521p)—last year's total was equal to 1.2125p paid from profit of £1.34m.

DIVIDENDS ANNOUNCED

Table with 4 columns: Company Name, Current payment, Date of payment, Total last year. Lists dividends for A.F. Bulgin, Armstrong Equip., Barratt Developments, Barrow Hepburn, Blue Bird Confectionery, Brent Chemicals, A.F. Bulgin, English Association, IDC, Jove Investment, Kleinwort Benson, Office & Electronic, Shawell European, Sullion, Sunlight Service, Tomatin Distillers, Unicorn Inds., United Newspapers, Watmoughs.

OEM expands 47%

ON TURNOVER some 32 per cent higher at £13.59m against £10.27m, profits before tax of Office and Electronics Machines advanced 47 per cent to £1.48m in the first half of 1978, compared with £1m last year. The net interim dividend is stepped up from 1.406p to 2.5p—last year's total of 4.56p was paid from profits of £2.27m.

The directors say they have decided to reduce the disparity between the interim and final dividends by increasing the interim to about 54 per cent of the total paid for 1978. They add that this should not be taken as an indication of the amount of the 1979 total, which will be determined in the light of the results.

After tax of £767,371 (£528,085), stated earnings per 25p share are up from 7.72p to 11.56p.

Table with 2 columns: Six months 1978, Six months 1977. Rows include: Turnover; Profit before tax; Tax; Net profit; Dividend; Retained.

Profit cut at Clayton Dewandre

Clayton Dewandre Holdings, a subsidiary of American Standard Inc., reports sales of \$54.7m for 1978 against \$52.78m but pre-tax profits were down from \$3.57m to £1.91m. Tax takes £1.21m against £1.9m to give earnings per share of 5.2p compared with 11.5p. There is no dividend—the previous payment absorbed £297,217. Principal activities of the com-

Growth for Watmoughs

WITH FIRST HALF profits showing a rise from \$405,000 to \$558,000, the directors of Watmoughs (Holdings) believe that 1979 will be another year of progress. Prospects for the rest of the period are encouraging, they state.

They are lifting the interim dividend from the equivalent of 0.3p to 1.3p per 25p share. The total for 1978 was equal to 3.04p from profits of £1.1m.

Demand for the products of each of the subsidiaries continued at a most encouraging level justifying past investment decisions. The group is engaged in colour printing, publishing and process engraving. The profit reflects an increase in the rate of depreciation from 7 1/2 per cent to 10 per cent on plant and machinery. Technological changes in the industry is shortening the productive life of equipment because of obsolescence, the directors explain.

Table with 2 columns: First half 1978, First half 1977. Rows include: Turnover; Profit before tax; Taxation; Net profit; Prof. dividends; Earnings; Profit before tax; Taxation; Net profit; Prof. dividends; Earnings.

Profits jump at English Association

As a result of excellent trading by the recently introduced investment management and sterling money market activities, taxable profits of the English Association of American Bond and Share Holders soared to £381,322, including a dealing profit of £194,436, in the year to June 30, 1978. Last time the surplus was £112,575.

The directors of the group, which provides services for investors in American, Canadian, Australian and other Commonwealth countries' securities, say the current year has started satisfactorily. They hope the results will compare favourably with last year.

After tax for the period of £143,987 (£59,504), earnings per £1 share are shown to have jumped from 12.5p to 56.09p. The net total dividend is held at 18.87p, with an unchanged final of 14p. Dividends absorb £79,361

Barrow Hepburn midway boost

WITH pre-tax profits up from £768,000 to £1.46m in the first half of 1979, the directors of the Barrow Hepburn Group are declaring an interim dividend of 0.8p and are forecasting a final payment of not less than 1.2p—the total last year was a single 1p final.

The Board says the first half profit benefits from a lower level of borrowings and the inclusion of the group's share of an associate company—Colyer Watson Holdings—combined with an improved trading performance by the UK companies. Last year, the group reported profits for 1978 down from £3.23m to £1.51m.

Turnover in the first half amounted to £19.14m against £17.24m. Profit includes associates share £192,000 (£34,000) and is after interest of £210,000 (£697,000). After tax of £500,000 (£483,000) earnings per share are stated as 3.7p against 1p.

comment: On first sight, Barrow Hepburn's flat interim trading profit is something of a disappointment.

The group is, after all, comparing healthy business on a like for like basis for the first time but there are exceptional factors. Deconsolidation of Colyer Watson to associate status probably cut profits by around £100,000 while an engineering dispute in Italy, coupled with the effects of adverse sterling movements against the lire, may have clipped the surplus by a further £200,000. The group is confident of the development possibilities throughout its portfolio of subsidiaries, with particular emphasis on plastics and leather components. A strong balance (possibly no more than 8 per cent geared at present) will clearly support a high level of capital spending and a programme of acquisitions. The effects of the engineering dispute in this country have not been felt to any significant degree and the Italian subsidiary—worth some 30 per cent of total profits—expects to catch up the production backlog in full by the end of the year. The shares climbed 2p to 35p where the prospective yield of 8.4 per cent and a p/e of 4.6,

Yearlings unchanged

The coupon rate on this week's batch of local authority yearling bonds is unchanged at 13 1/2 per cent. This week's issues are priced at par and dated October 1, 1980.

The issues are: Wycombe District Council (£1m), Cuningbame District Council (£1m), London Borough of Ealing (£1m), Chertwell District Council (£1m), Birmingham District Council (£1m), City of Swansea (£1m), Chester-le-Street District Council (£1m), London Borough of Southwark (£2m), Borough Council of Gateshead (£375,000), Bassetlaw District Council (£1m), Rossendale Borough Council (£1m), North East Fife Regional Council (£1m), City of Kingston Upon Hill (£1m), North Tyneside Metropolitan Borough Council (£1m).

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Companies and Markets

UK COMPANY NEWS

Higher oil price lifts LASMO

OWING TO better than forecast levels of production and higher oil prices, London and Scottish Marine Oil Company reports a turnaround from a £332,000 loss to an operating profit of £11.13m for the first half of 1979, which exceeded the board's earlier expectations.

A first payment of 11.8226p net per unit on oil production stock is announced, payable on October 31, in respect of production for the period ended June 30—the provision for this takes £887,000.

Half-yearly sales of the oil and gas exploration and development group were £14.58m (nil). The period coincided almost exactly with the first six months' production from the Ninian field, in which the company has a 7.3 per cent interest.

A provision this time for petroleum revenue tax takes £2.57m leaving a net deficit reduced from £5.30m to £0.24m. Stated loss per 25p share was much lower at 0.7p (11.09p).

Of prospects, Mr. Geoffrey Seale, the chairman, says Ninian production continues to increase at a satisfactory rate and crude oil prices remain firm. The company's share of production for 1979 is expected to exceed 4.9m barrels and from June onwards LASMO has been operating at a profit after all charges and tax, including provision for petroleum revenue tax.

Interest charges for the half year were increased from £5.06m to £5.19m. Peak bank borrowings occurred

in June, and not the fourth quarter this year as the Board had expected. These were well within available facilities and have since fallen.

At the half year, borrowings totalled £131.45m, which comprised unsecured bank loans of £55.75m, 14 per cent unsecured loan stock of £75m and £750,000 oil production stock.

Mr. Seale says the reduction of debt and dealing with the debt accumulated as Ninian proceeded to production, will mean it could be early 1981 before the company started thinking about dividends on its ordinary capital.

The company is planning further North Sea drilling next year and also hopes to get new licences in the next round. It has high hopes of finding gas in its new Middle Eastern venture, while its other overseas move, into offshore Philippines, has already started drilling. While that is also as more uncertain the area is large, the chairman states.

At home, he adds that the company, whose Sullom Voe expenditure is not offsettable against PRI, may enter a partnership with its 12.5 per cent shareholder Cawoods in an oil product distribution business.

ALBRIGHT & WILSON

Josco Chemicals, the Malaysian subsidiary of Albright and Wilson, will operate under the name Albright and Wilson (Malaysia) Sdn. Bhd. from September 24.

Armstrong Equipment falls in second half

WITH second-half profits slipping from £4.64m to £4.48m, the taxable surplus of Armstrong Equipment was little changed for the year to July 1, 1979, at £8.75m, compared with £8.57m. Turnover rose from £58.66m to £64.43m.

At mid-way, profits were up from £4.03m to £4.27m. The directors said then that the lorry drivers' dispute had led to a poor start to the second half.

After a year of £417,000 (£567,000)—SSAP 15 has been applied and comparisons restated—earnings per 10p share are given as 17.02p, against 16.86p. The net total dividend is stepped up from 2.2648p to 2.6p with a 1.72p final.

The group makes and sells vehicle suspension units, exhaust systems, other automotive products and industrial fastenings.

tribution and finally interest charges were probably higher. However, this comes from a company which has historically produced consistent profits growth despite the problems of the motor industry. Armstrong may point to falling UK car production (hardly a new phenomenon) but the market might have expected the main impact to be felt in the first half when there was the Ford strike and UK car production fell by 50 per cent during its second quarter. Car production, aside Armstrong, claims that only 25 per cent of its automotive products are sold as original equipment and the replacement market should have been reasonably firm. The full report will perhaps cast more light on yesterday's laid figures. Meantime the shares at 59p are a

comment Armstrong's figures are disappointing with second half profits showing a small drop pre-tax. The haulage strike undoubtedly had an impact on the third quarter, some of the recent acquisitions made a negative con-

prospects continue to justify this investment. The higher interest charges were due to inclusion of new subsidiaries. The chairman says the acquisition of the outstanding 50 per cent of the Gravelus Group has added to the interest charges, but gearing is fractionally lower at 33 per cent.

Turnover rose from £43.67m to £50.88m, including share of

Mr. B. Ball-Greene, chairman of the diamonds and shrapnel group, says that until recently a progressive trend could have been forecast for the second half, but the recent series of strikes make a reliable prediction impossible. For the whole of 1978, taxable profits reached £7.43m (£8.63m).

The chairman says that reduced export margins in the half-year because of the strong pound have been more than offset by improved overall results from all divisions except diamond products, which has been hit by diamond supply shortage.

The American operations have made a positive contribution to earnings but, in Brazil, Rebolos has suffered losses which have now been contained. The directors believe that longer-term

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY Interim—Alpine Holdings, Barrow Holdings, Haugur Investments, John Lingo, Rotork, Supra Group, Finance—Buckman, Campari International, S. Caskat, Hunt and Mosecrop (Middleton), New Central Wireworks and Arava.

1978 1979

Turnover £4,434,000 £3,655,000 Profit before tax 8,752,000 8,567,000 Tax 47,000 387,000 Net profit 5,335,000 5,000,000 Minority debit 50,000 132,000 Dividends 4,500 4,500

comment

comment

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yield of 8.5 per cent and p/e of 5.4 (on the stated tax charge) are unlikely to see much enthusiasm.

IDC ahead midway at £0.5m

PROFITS BEFORE tax of IDC Group, designer and constructor of industrial and commercial buildings, rose from £22,551 to £50,970 in the half-year to April 30, 1979, on increased turnover of £17.26m, against £13.33m.

Mr. Howard Hicks, chairman, says the full-year results will show an improvement over 1978, when profits reached £1.12m. With the orders confirmed and the level of inquiries currently being dealt with, he views the immediate future with reasonable confidence.

Group liquidity remains satisfactory, he adds.

For the half year took £288,444 (£222,560). The net interim dividend is raised to 2.75p (2.392p). The chairman and his wife have again waived the dividends due to them. Last year's total payment was 10p.

comment

comment

comment

comment

comment

Barratt

BRITAIN'S MAJOR PRIVATE HOUSE BUILDER

Outstanding progress and record results

Financial Highlights for year ended 30th June 1979.

Table with 2 columns: 1979 £ millions, 1978 £ millions. Rows: Turnover (169.8 vs 122.2), Profit before taxation (20.7 vs 11.2), Profit after taxation (20.1 vs 12.5), Earnings per share (54.3p vs 37.4p), Dividend cover (5.2 vs 4.4).

In its 21st year of operation Barratt reports its most successful year ever from continued national growth. The nationwide network of local subsidiaries completed within the year now serves the entire country.

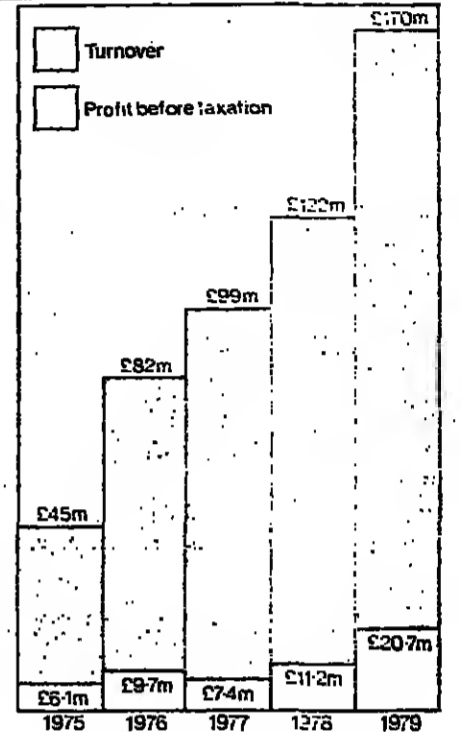
The Group's market share of the private housing sector again increased with over 10,000 houses sold in the year. Barratt is now building houses to make homes in 350 developments throughout Britain.

The record turnover and profit for the year generated a major increase in net assets which now have a book value of £74 million, representing £1.97 per share.

The substantial progress made in the current development programme of commercial and industrial investment property will increase the Group's investment income from £1.2 million to £3 million by 1981. Completed properties have been valued by the Directors and this reveals a surplus in excess of £6 million over book value.

Major land acquisitions during the year have maintained a 3 year high quality land supply, all well bought and located in areas of proven demand.

Contracting activities continued to increase notwithstanding the difficult climate in both the public and private sectors and the poor margins available.

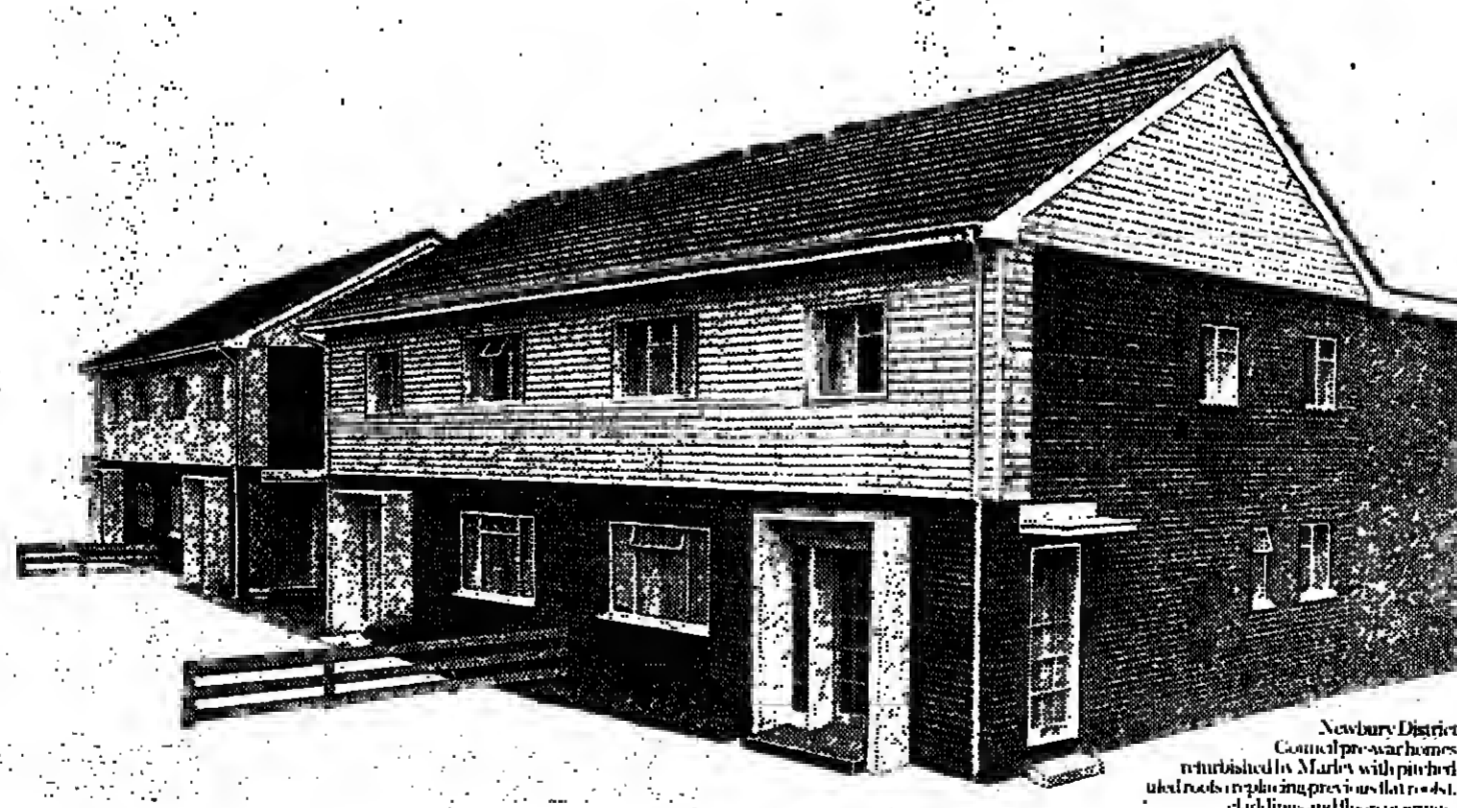


Notwithstanding the expansion of private housing activities and the property investment programme unused clearing bank facilities have increased to £40 million.

Barratt Developments Limited

Banco Union, C.A. (A Venezuelan Corporation) Acting through its Permanent Branch U.S. \$35,000,000 NEGOTIABLE FLOATING RATE CERTIFICATES OF DEPOSIT MATURITY DATE 26 SEPTEMBER 1982/1984

To you they're fit for habitation. For us there's no ceiling.



Newbury District Council pre-war homes refurbished by Marley with pitched tiled roofs, original fireplaces, built-in cladding and built-in cupboards.

In the five years from 1972-1977, the refurbishment sector of the construction industry grew by an annual average of 13%. Industry forecasts predict that expenditure on repairs and maintenance will become even more important, exceeding £5,000 million by 1980. No one is better placed to take profitable advantage of this surge in the refurbishment market than Marley. We manufacture a vast number of products for the refurbishment projects that are

currently putting a fresh face on Britain's cities and towns. Roof tiles in a range of colours and profiles to satisfy the most demanding architect... roofing systems for industrial and commercial projects... ancillary products from flashing to felt... everything that's needed for roof refurbishment. In floorings, too, we can provide the range of contract vinyls that answers every specifier's requirements for public, private and commercial buildings.

Marley products are used outside—runwater goods and claddings. And inside—plumbing systems, doors, partitions and baths. Through Marley Contract Services, the biggest organisation of its kind in the UK, we provide an installation service for many refurbishment schemes. And our nationwide network of over 70 Building Supplies Depots, Roofing Centres and Display Centres provides the smaller builder with our own and many other products and materials essential for refurbishment.

As our success in manufacturing, supplying and contracting to the refurbishment market testifies, the cornerstone of Marley's growth is the innovative skill in producing the right products and services at the right time. In refurbishing, as in other diverse and expanding markets, it's no accident that our place is firmly at the top.



# London & Scottish Marine Oil Company Limited

**Oil Production Stock**  
The first payment of 11.8226 pence per unit will be made on 31st October.

Trading Results	Six months to 30th June		Year 1978
	1979	1978	
Sales	£m 14.5	£m nil	£m nil
Operating profit	11.1	(0.3)	(0.8)
Profit before tax	2.0	(5.4)	(12.4)
Loss after provision for Petroleum Revenue Tax	(0.3)	(5.4)	(12.4)

**Ninian Development**  
Production from the Ninian Field commenced on 22nd December, 1978 and has increased rapidly during the year. LSMO's share of production is expected to reach 4.9 million barrels for 1979.

**Cash Flow**  
Borrowings for Ninian development reached their peak in June, instead of in the fourth quarter as previously expected.

**Exploration**  
Interests have been acquired in exploration projects in the Philippines, Sharjah and Ajman. The Company plans to drill further wells in existing North Sea licences in 1980.

**Prospects**  
Since June the Company has been operating at a net profit after all charges and taxation, including provision for Petroleum Revenue Tax.

The 1979 Interim Statement will be despatched to shareholders and stockholders on 28th September. Further copies may be obtained from the Company Secretary at Bastion House, 140 London Wall, London EC2Y 5DN.

## Tomatin rises 16% midterm

**TAXABLE** profits of Tomatin Distillers Company rose 16 per cent from £412,000 to £479,000 in the first half of 1979, on marginally lower turnover of £6.52m against £6.57m.

Mr. A. F. de Boer, chairman, says that in spite of a fall in the actual volume of new whisky sold because of the transport strike, profit earned to date is about the same as last year.

He therefore expects that if the volume of orders received during the second half is similar to last time, the full-year pre-tax surplus will not be less than the £875,000 achieved in 1978. After tax for the period of £248,000 (£214,000), the net balance came through at £230,000 compared with £198,000. The net interim dividend is lifted to 1p (0.9045p)—last year's total was 3.347p.

**comment**

Tomatin's interim profits are up by 16 per cent and the dividend is lifted by 11 per cent. Given that the shares, at 187p, are yielding less than 3 per cent and selling on a prospective fully taxed multiple of over 30 times earnings, this does not look very impressive. However, the key to Tomatin's share price is the fact that it owns Scotland's largest malt whisky distillery which, if built today, would cost close to £20m. This is close to double the company's current market capitalisation. The distillery is only working at half capacity at the moment but various estimates suggest that after growing at 3 per cent per annum between 1975 and 1977, whisky production over the next decade will grow by 8 per cent per annum. As a result there will be a shortage of capacity which Tomatin will have to fill.

**ESTATES PROP.**

The recent rights issue by Estates Property Investment has been taken up as to 96.21 per cent.

LONDON TRUST ISSUE

## Debenture market comes back to life

BY RICHARD LAMBERT

London Trust, according to its chairman, Mr. Edward Davies, has only one real interest in life investment in equities. And its managers hold the unwavering view that nominal rates of interest have got to come down from their present high levels. So why on earth is the company issuing a debenture stock?

The coupon is 13 1/2 per cent, and the stock has been issued at 98 1/2 per cent. So its servicing cost will represent well over twice the yield on the FT-Actuaries All-Share Index. The issue brings to £14.6m after expenses, which is a substantial sum for an investment trust with a portfolio now worth around £100m. And the trust's managers are going to have to live with this decision for the rest of their lives. The final redemption date is 2004.

But Mr. Davies affirmed yesterday, "We have not gone off our heads." The proceeds are not going into equities—in the first instance at least.

Over the last few months, London Trust has been backing its judgement about the future direction of interest rates by buying gilts. It now has more than £6m worth, mostly acquired since the balance sheet date last March. These are costing perhaps 15 1/2 to 16 per cent, or a good three points more than the yield on medium and long term gilts.

So there has been a large revenue deficit on this investment. About a third of the debenture proceeds will be used to refinance these overdrafts. The rest will be invested in additional fixed interest securities, both in the UK and overseas.

Mr. Davies believes that the issue of such investments will

more or less cover the financing cost of the debenture.

The hope is that when interest rates do fall significantly, the trust will make a big capital profit out of its gilt edged securities. These will then be sold, and the proceeds reinvested in equities which will generate a growing stream of dividend income to service the debenture.

This redeployment of funds will only happen gradually. Mr. Davies suggested yesterday that it could be three years before it takes place. "Taking a five-year view, I believe that this issue will not prejudice our shareholders' income growth and will bring them substantial capital benefits," he said.

Why does London Trust believe that it can advantageously borrow money on terms that only the Government has been willing to contemplate recently? Mr. Davies thinks it unlikely that industrial companies would be able to take such a risk. Investment trusts, which can switch their assets from one security to another, are a different matter. "Gearing is the essence of such funds," he believes, and it is not wise to have too much of it in the form of short term debt.

It is an open question whether other funds will be able to overcome a natural prejudice about incorporating such a big coupon into their balance sheet for a long period of time. But there are not that many forms of finance open to investment trusts these days.

London Trust's shares sell at a bit more than a fifth below their net asset value, which is better than the average investment trust. So it cannot make a rights issue, or issue shares for a cash

shell, without significantly diluting its original shareholders' interests. Moreover, the stock market has not been receptive to investment trust paper since the new issue binge of the early 1970s. A convertible or a bond with warrants attached may have been possible, but London Trust is keen to keep as tight a rein as possible on its outstanding share capital.

As Mr. Davies admits, the crucial moment for the present strategy will come when London Trust starts to sell its fixed interest investments. If it fails then to reinvest the proceeds in the right companies—those with growing dividends—then the cost of this debenture issue will be heavy indeed. If it succeeds however, the extra gearing will bring valuable benefits to its shareholders.

Perhaps the key to the new issue is that London Trust is managed much more imaginatively than most investment trusts. It turns over its portfolio more frequently than most, and it has made a big success out of investing in small quoted companies and watching them grow. Automated Security and Great Chemicals are its two biggest equity holdings. It also dabbles in venture capital—it has recently put £200,000 or so into a U.S. windpower project—and one of its subsidiaries is developing a management team to monitor and assist small company entrepreneurs.

"We cannot run a fish and chip shop," says Mr. Davies, "but we have good friends to help us."

In the past five years its net dividends and assets per share have rather more than doubled. Its managers now have to show that they have kept their touch.

## Over £1.3m from AB Electronic

**FOLLOWING ON** from the pick up of half-way, A.B. Electronic Products Group has achieved profits of £1.37m for the year ended June 30, 1979, from turnover of £22.78m. Total sales abroad represented 40 per cent of turnover.

In 1977/78, the company was hit by a strike and its aftermath, and profits fell from £915,000 to £604,000.

Contained in the higher turnover was a 25 per cent advance in exports and a 17 per cent increase by the German subsidiary. The termination of Iranian defence work and contraction of demand from consumer electronics caused short time working in some divisions during the latter part of the year; but there was substantial growth in data processing.

Early agreement had been reached with unions in the annual pay round, but the national AUEW dispute is causing severe loss of production. If prolonged there could be serious consequences for the South Wales factories.

Liquidity has improved and resources are adequate. However, the rate of expansion will depend on an early return to normal working.

Earnings for the year are shown at 30.1p (14p) and at 29.5p (13.5p) fully diluted. The dividend is stepped up from 5.6375p to 7p net with a final of 4.5p.

The directors see considerable growth potential in thick-film micro circuits, and the Perth (South Wales) factory is being converted to this work at a cost of £500,000, with production due to start early next year. To comply with the wishes of important continental customers a subsidiary has been formed in Austria, and manufacture of thick-film circuits is to start later in 1980. During the past year extensions to the German factory were completed.

# Look behind our numbers and you'll see our resources.

**REPUBLIC NATIONAL BANK OF NEW YORK**

CONSOLIDATED STATEMENT OF CONDITION June 30, 1979

**ASSETS**

Cash and demand accounts  
Interest bearing deposits with banks  
Precious metals  
Investment securities  
Federal funds sold and securities purchased under agreements to resell  
Loans, net of unearned income  
Allowance for possible loan losses  
Loans (net)  
Customer's liability under acceptances  
Bank premises and equipment  
Accrued interest receivable  
Other assets

**LIABILITIES**

Deposits  
Short term borrowings  
Acceptances outstanding  
Accrued interest payable  
Due to factored clients  
Other liabilities

**STOCKHOLDER'S EQUITY**

Common stock  
Surplus  
Undivided profits  
Total stockholder's equity

Letters of credit outstanding

\$ 236,371,136  
598,598,799  
89,430,491  
444,395,056

130,000,000  
1,858,454,968  
(33,612,506)  
1,824,842,462  
181,963,341  
25,329,469  
54,783,266  
93,560,711  
\$3,679,274,731

\$2,641,390,239  
310,806,316  
183,847,704  
122,591,392  
102,921,665  
29,735,079

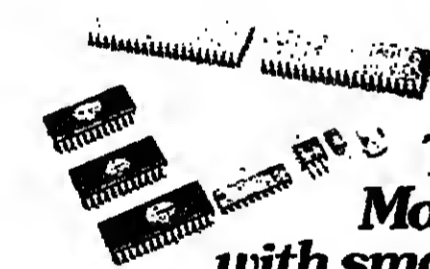
100,000,000  
100,000,000  
87,982,336  
287,982,336  
\$3,679,274,731  
\$ 168,682,229

**Our \$288,000,000 capital base is 10.9% of deposits—one of the best ratios among the top 100 banks.**

The total investments in precious metals and the precious metal content of silver coins were substantially hedged by forward sales. The unhedged portion of these investments was \$4.3 million at June 30, 1979.

What does such an unusually high capital-to-deposit ratio mean?  
It means we have experienced, hard working people who have built a strong capital base in order to protect our customers' deposits.  
Our people have always been able to provide excellent service to our customers and maintain a high level of liquidity.

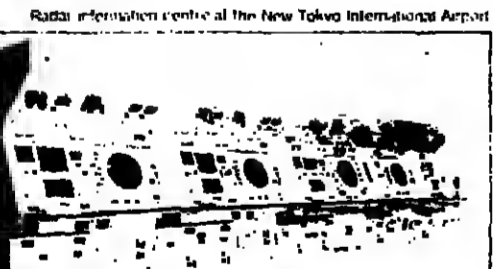
Our people's efforts show up elsewhere on our balance sheet. For example, our assets are only 13 times Republic's \$288 million capital base. And our return on average assets is one of the highest in the banking business.  
So, of all of our resources, we feel our people are most important. They make our performance possible. Get to know them better.




**Toshiba Corporation.**  
Making big advances with small creations.

Our newest developments in miniaturized electronics are being deployed in exciting ways. In consumer goods, in business and industry, in satellite communications. Toshiba technology produces, for example, multi-functional semiconductor devices which have wide and varied applications in today's ever-changing world. And it's opening up new avenues into the future. At Toshiba, we're probing the depths of space age electronics. It's a small world that's getting smaller.

Radar information centre at the New Tokyo International Airport



Toshiba's new V-5470B Video Tape Recorder




**CONSOLIDATED ANNUAL REPORT**

Statement of Income		Breakdown of Business Results by Product Group		
(For the period April 1, 1978, to March 31, 1979, in millions of Yen)		Consumer Products	Heavy Apparatus	Industrial Electronic Products
Sales and other income	1,770,995	35%	31%	22%
Costs and expenses	1,715,331			
Income before income taxes	55,664			
Income taxes	32,508			
Net income	23,156			
Net income per common stock	11.05 (in Yen)			Other Products 12%

**Balance Sheet** (March 31, 1979, in millions of Yen)

ASSETS	LIABILITIES		
Cash and time deposits	249,127	Bank loans	480,374
Notes and accounts receivable, trade	397,948	Notes and accounts payable, trade	298,050
Inventories	341,787	Other current liabilities	478,511
Other current assets	252,624	Other liabilities	354,557
Property, plant and equipment	269,017	Common stock	105,334
Other assets	292,337	Surplus	68,012
<b>Total assets</b>	<b>1,802,838</b>	<b>Total liabilities</b>	<b>1,802,838</b>

Interested parties are invited to send for our annual report.



**TOSHIBA**  
TOSHIBA CORPORATION TOKYO, JAPAN

Tokyo Head Office: 1-6, Uchisaiyachi 1-chome, Chiyoda-ku Tokyo 100 Japan Phone: 501-5411 Cable: TOSHIBA TOKYO Telex: 422587 TOSHIBA

هكزا نال امل

هكذا اننا الحمد لله

# The City's idea of the building industry?

## Whoops, there they go again!

Once upon a time (about 5 years ago, actually) the City knew exactly what to think about the building industry. Up one minute, down the next. Unpredictable, volatile, unstable and with a stunning record in the Bankruptcy Courts.

ating subsidiaries is a locally operated independent with its own board of directors and management team.

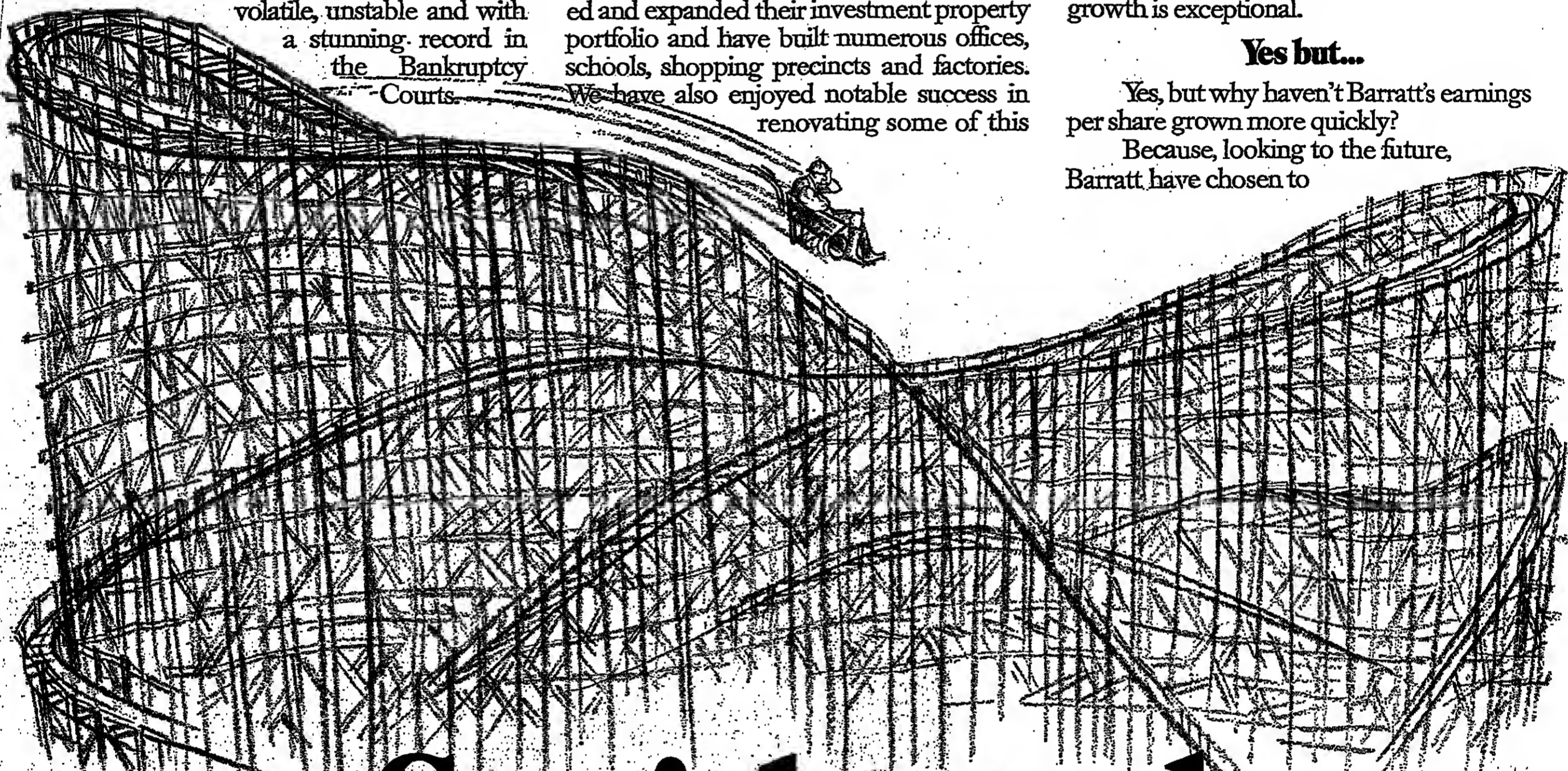
Nor is it merely the country's major house-builder, building over 10,000 houses every year. Recently Barratt have developed and expanded their investment property portfolio and have built numerous offices, schools, shopping precincts and factories. We have also enjoyed notable success in renovating some of this

£11,000 houses for the first-time home buyer to £110,000 houses (for those who can afford them), from the North of England and Scotland where Barratt have a large share of the market to the Midlands and the South where the opportunity for growth is exceptional.

## Yes but...

Yes, but why haven't Barratt's earnings per share grown more quickly?

Because, looking to the future, Barratt have chosen to



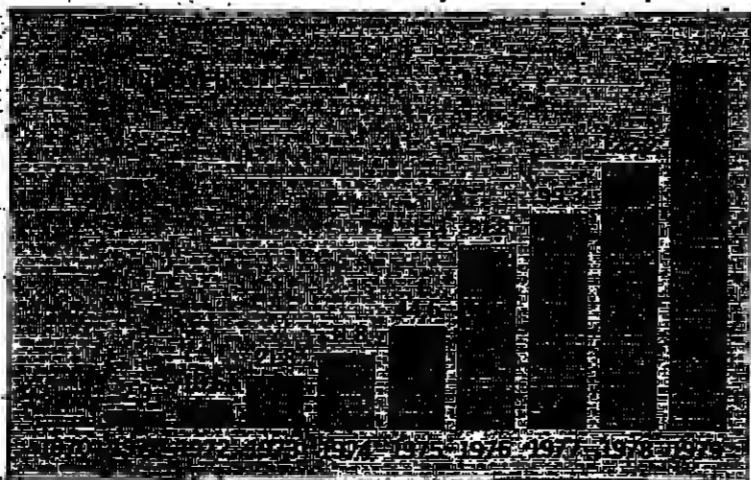
Since when, as an astute City observer you've most probably had enough insight to realise that this judgment is far too sweeping. You noticed that in 1973-74, some building companies which had rocketed in the late 60's crash-landed. But you also noticed that Barratt, for one, continued even in that difficult period to grow and expand.

How Barratt did so, and exactly what their true worth and potential is, in hard facts and figures, you may judge as you read on.

## Barratt comes of age.

This year, Barratt celebrated twenty-one years in the building business. Celebration was certainly in order: in Management Today's 10 Year Growth League we batted 12th in 1979.

How have Barratt achieved such consistent success? Only a combination of tight managerial control and rigorous financial discipline could have weathered the severe regressive tendencies of the market. Another major factor has been a firm policy of local involvement. Each of our 30 oper-



country's most precious listed buildings.

Much of Barratt's work has been commissioned by local authorities, either under negotiated contracts or in open tender: many thousands of houses, flats and elderly people's bungalows, as well as the impressive inner-city redevelopment schemes that are doing so much to revitalise what once were notorious eyesores in Liverpool, Glasgow and Birmingham.

Barratt have shown themselves to be ideally flexible to local authorities, building on council-owned

land in some cases; in others, buying land from the local council for private house building.

This flexibility extends to the wide range of properties that Barratt now create, from

invest in existing companies which are being operated more economically and efficiently by Barratt Management and to further their property investment—a policy which is now amply justified by recent turn-over and profitability figures (£20m in 1979).

Yes, but what of the future?

Barratt's investment property is currently worth more than £20m and the policy is to expand this significantly.

Barratt own more than enough high quality developable land to keep us busy for the next 3 years.

And contrary to popular mythology, every statistic indicates a continuing growth in the demand for new houses.

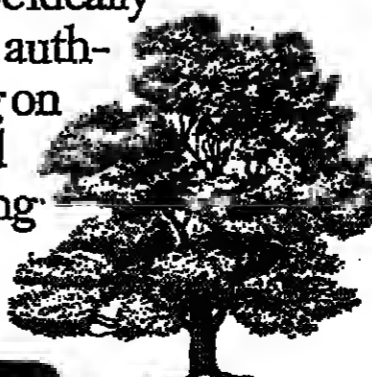
Only 54% of the population own their own homes, compared to 70%+ in some countries.

## Roll up, roll up.

All of this will perhaps only confirm what you have suspected for some time: that Barratt is the kind of rock-solid investment that you can confidently trust for the future.

For the thrills of the roller-coaster, try Battersea Fun Fair.

**Barratt**  
Developments Limited





Companies and Markets

UK COMPANY NEWS

United Newspapers rises 16.8% in first six months Brent Chemicals rise to £1.5m in first half year

PROFITS BEFORE tax of United Newspapers were lifted by 16.8 per cent from £3.65m to £4.27m for the first six months of 1979.

Investment Trust amounted to £338,875 for the year ended July 31, 1979, compared with £700,507 in the previous year.

SALES of Brent Chemicals International in the first half of 1979 increased from £10.51m to £13.48m and pre-tax profits were higher at £1.45m against £1.35m.

Rowan and Boden ahead at mid-year With turnover, excluding VAT, some £1m higher at £5.81m, taxable profits of Rowan and Boden went ahead from £281,000 to £320,000 for the first half of 1979.

not such a worry as it might have been. Its products are used by a good half-dozen different industries as a means of improving production efficiency—and they only represent a small part of the total cost.

Earnings per 10p share were reduced from 6.4p to 5.6p, while to take account of lower income tax rate, the interim dividend is raised to 2.4p (2.3p), costing £88,826 (£46,847) after waivers—last year's total was 4.7p.

Pifco Holdings Limited table with columns for 1979 and 1978, including Turnover, Profit before taxation, Earnings per share, Net dividends per share, and Net assets per share.

We are introducing this autumn a number of new products which should provide the basis of further progress.

Blue Bird dividend up 65%

AFFECTED by costs arising from the national road damage dispute and depressed market conditions following the VAT increase, pre-tax profits of Blue Bird Confectionery Holdings dropped to £253,009 for the 53 weeks ended June 30, 1979, compared with the previous year's record £771,222.

Rowan and Boden ahead at mid-year

With turnover, excluding VAT, some £1m higher at £5.81m, taxable profits of Rowan and Boden went ahead from £281,000 to £320,000 for the first half of 1979.

There were no major changes in the group's composition in the first half, but in line with stated objectives of increasing the group's international coverage the opportunity was taken to acquire a small business in West Germany, and in August a small company was acquired in Italy.

Airsprung set for around £1.2m

Reporting first-half 1979 taxable profits down slightly from £43,939 to £32,413, Mr. J. G. W. Yates, the chairman of Airsprung Ltd, said that, although the company had maintained a reasonably confident the full year figure will be in line with the record £1.17m for 1978.

Landsit issues 21.6m shares on conversions

A total of 21.6m ordinary 50p shares have been issued by Land Securities Investment Trust on conversion of loan stock.



INVEST IN 50,000 BETTER TOMORROWS! 50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

Advance for Jove Investment

Gross revenue of Jove Investment Trust advanced from £406,252 to £502,753 for the half year ended August 31, 1979.

Little change at Hall Thermotank

Pre-tax profits of Hall-Thermotank were virtually unchanged in the first half of 1979, at £1,368,000 compared with £1,274,000, or increased turnover of £38.1m, against £34.28m.

Sizewell European

Including interest receivable of £50,223 against £44,568, gross revenue of the Sizewell European rose by 0.3p to 1.73p and the interim dividend is 1.75p (1.7p) net—total payments in the previous year were 3.55p on £1.02m gross revenue.

£20,624 loss by Sobranie

For the year ended February 28, 1979, Sobranie (Holdings) incurred a pre-tax loss of £20,624 compared with profits of £64,096 in the previous year.

Manson Finance Trust

HIGHLIGHTS of the year ended 30th April 1979 \* New record surplus of £683,000 achieved on group revenue of £2,781,000.



GOLD FIELDS OF SOUTH AFRICA LIMITED

Salient features of the Review by the Chairman, Mr. A. Louw, for the year ended 30 June 1979

Table comparing 1978 and 1979 performance in R Million and Cents per share, including categories like Income from investments, Surplus on realisation of investments, Profit attributable to members, Earnings, Dividends, and Net assets as valued.

GFSA and its subsidiaries achieved a record level of earnings for the year ended 30 June 1979, of R66.7 million, equivalent to 409 cents per share, an improvement of more than 63 per cent when compared with the results for the previous year.

plant in 1980. The necessary infrastructure and harbour facilities have either been completed and are operational or have reached an advanced stage of construction.

Gold There was a very substantial improvement in the gross profits of the gold mines administered by GFSA of R211 million to a record R745 million.

Outlook The discovery and acquisition of new orebodies and of extensions to existing orebodies is a vital aspect of GFSA's continuing search for new projects.

The IDC Group Limited

INTERIM STATEMENT OF THE CHAIRMAN, MR. HOWARD HICKS The unaudited profits for the half year ended 30 April, 1979, before charging corporation tax, amounted to £501,970 (1978: £428,551).

Base metals and minerals Apart from the Kin Products group in South West Africa which sustained a loss, all group mines and plants operating in the base metals and minerals sector achieved impressive performances and substantially increased after tax profits for their respective financial years ended on 31 December 1978.

GOLD FIELDS OF SOUTH AFRICA LIMITED - CHAIRMAN'S REVIEW 1979 form with fields for Name and Address.

Elaine Williams on the Defense Department aid for the US electronics industry

## Boost for American nuclear arsenal

MILLIONS OF U.S. Defence Department dollars are to be pumped into the thriving American electronics industry to provide faster, more accurate and deadlier delivery of the weapons in America's nuclear arsenal.

The U.S. electronics industry is acknowledged world leader in its field and the extra money—\$200m—comes at a time when its rapid rate of developing silicon chip technology shows no sign of slackening.

The U.S. Department of Defence is to inject the \$200m into the industry to speed up the design and development of extremely complex integrated circuits—tiny squares of silicon with microscopic markings capable of completing complex mathematical tasks in a fraction of a second. The Pentagon wants those calculations carried out even faster to improve the electronic brains of warheads.

It is rare for the U.S. Government to provide direct funds to industry for basic research of this kind. It is a sign that the U.S. is concerned about increasing foreign competition.

The spending comes at a time when other countries such as Britain, Japan, West Germany, and France have also committed considerable sums of money to encourage the growth of their own semiconductor industries. A confidential report sent to the Defence Department estimated that projects costing more than \$1bn over a period of years are underway for such purposes outside the U.S.

The \$200m is much the largest funding of the U.S. industry by the Defence Department since the 1960s. Apart from the growing foreign competition, the funding is inspired by the fact that commercial developments are not producing the kinds of

systems which the military needs.

The Department is putting up the \$200m over the next six years, into developing integrated circuits—silicon chips—which can carry out computations even faster than they do now. These very high speed integrated circuits are intended to create a new era of sophistication in electronic weaponry and defence systems.

Obtaining funding for the project has not been without difficulties because the House of Representatives Defence Appropriation Sub-committee—which approves defence spending—al one time threatened to cut \$2.2bn of the 1980 defence budget, and wanted to axe the silicon chip programme completely.

But the Pentagon is particularly concerned that the project is launched. It is therefore highly likely that total funding will be approved.

When completed, the U.S. will have very high speed integrated circuits (VHSIC) capable of processing information extremely quickly. Not only will they be of immense value in military systems but they will also give a great number of commercial spin-offs for companies involved in the project.

The VHSIC project is a six-year programme—though it may stretch to eight years—split into four phases. In the first, due to begin in November, teams of companies or individual organisations will carry out detailed technological studies and submit proposals in the Department of Defence for achieving the aims of the phases that follow. Companies bidding for the contract have already applied for funding under the first phase.

Before the 1970s it was vast military spending which funded

the most important technological breakthroughs in the electronics field. During World War II it funded research which was to lead to the invention of the transistor in 1948. In the late 1950s and early 1960s during the Cold War, the electronics industry received further finance under the Minuteman missile project. This produced the integrated circuits now famous as silicon chips.

### Future needs

Later under the auspices of the U.S. space programme more money was supplied. However since the early 1970s semiconductor manufacturers have been concentrating their efforts on exploiting these developments commercially. The military contribution to their health and wealth has dwindled over recent years. But now the Defence Department feels that more pump-priming is needed to produce the highly sophisticated weaponry and defence systems of the future.

The U.S. electronics industry has not shown signs of maintaining the type of development required by the military, even though the complexity of silicon chips doubles about once a year.

In 1985 the industry could put about 30 components on a chip, in 1975 the density of components reached about 30,000 and in 1978 with the introduction of a device called the 64K RAM, used for storing information, this rose to about 135,000 components. From 1980 on, some scientists believe that the doubling of chip density will take place every two years.

Individual companies have not had the resources to undertake such defence developments but now they have been offered

### BIDDERS FOR THE MICROELECTRONICS DEFENCE CONTRACT

<b>GROUP 1</b> Westinghouse Electric National Semiconductor Control Data Carnegie-Mellon Institute	<b>GROUP 2</b> Motorola Univac	<b>GROUP 3</b> Hughes Signetics
<b>GROUP 4</b> Fairchild Varian Raytheon	<b>GROUP 5</b> Rockwell Sanders	
<b>INDIVIDUALS</b> IBM TRW Western Electric	<b>RCA</b> General Instruments General Electric	

an attractive package. It will give them money to fend off the growing strength of the Japanese, which many organisations have been concerned about.

In 1976 the Japanese Government through its Ministry of International Trade and Industry began a four year project with its electronics industry to develop very large scale integrated circuits to catch up with the U.S.—purely for commercial ends because the Japanese industry has no access to military funding.

The success or failure of that project will be seen from 1980 but already the Japanese have shown that they are likely to emerge from the programme with expertise in microelectronics which will rival the Americans.

Semiconductor technology today is at the stage where the size of individual components—called elements—etched on to the surface of a silicon chip using a printing type process is in the order of three to four thousandths of a millimetre.

After the initial study phase of the Department's programme which will last for a year and be carried out by six to nine selected companies, the Department of Defence wants to see the development of element sizes which are in the order of one thousandth of a millimetre. This three-year phase will be carried out by about three to four companies. This could effectively triple or quadruple the density of elements on a

silicon chip although it is the speed at which a chip can work out problems which is the most important factor.

The next phase, lasting about three years, would carry this development further so that the thickness of elements fall below the one thousandth of a millimetre (one micron) level. A special projects phase will also run parallel with the other three phases and will allow development of innovative ideas generated to universities and industry.

To achieve the reduction in size of the elements on a chip will be beyond the capabilities of present manufacturing equipment. Semiconductor manufacturers will have to invest in new, expensive systems to achieve smaller chip size.

However, much of the work to make integrated circuits smaller will be done using present day processes. But newer technologies—such as one known as silicon on sapphire, in which the silicon wafer on which the circuit is built up is replaced by a slice of sapphire, and a derivative of MOS called CMOS—offer smaller sizes and, more importantly, greater speed.

The \$200m to be spent on the new programme will not cover the whole of the research and development costs and industry will have to raise the extra funds, but whoever gets the contract, the Pentagon decision could well help the U.S. semiconductor industry to heat off the growing competition.



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Companies and Markets **MINING NEWS**

# Lower gold prices would not worry GFSA

BY KENNETH MARSTON, MINING EDITOR

CONFIDENCE IN the stability of gold as a major asset of central banks, coupled with a cautious view of high gold prices, is expressed by Mr. Arthur Entwistle in his annual statement with the report for the year to June 30 of the Gold Fields of South Africa.

His statement is dated September 7 when gold was standing at just over \$300 per ounce prior to the recent but accelerated advance to over \$320 at one time, it closed at \$317 yesterday.

Mr. Entwistle considered the price to be vulnerable and advised that "while it may be sustained above \$300 per ounce in the short term by continuing political and economic uncertainties, the reaction to lower levels in the course will be neither as expected nor should it create alarm."

After commenting on the improved productivity of the industry, Mr. Entwistle said that even if the price of gold were to average the same as in the year to last June—\$221—the current year's earnings and dividend would be maintained.

As already reported, GFSA boosted earnings in 1977-78 by over 63 per cent to R662m (£37.3m), equal to the 1976-77 total rise to 225 cents from 135 cents per share.

London's Consolidated Gold Fields holds 45 per cent of GFSA, which obtains over 80 per cent of its income from gold and uranium and is a major contributor to group revenue.

Clearly, if gold prices hold at present levels, GFSA's earnings will rise a further 25 per cent in 1978-79, and its dividend will be 25 per cent higher at £23.21m (£17.32m). The dividend is raised from 23p to 41p net A share.

Mr. Entwistle pointed out that the chairman's statement, prepared at the annual general meeting on April 24, 1979, on land and buildings resulted in a £5m surplus over book value which has been credited to capital reserves.

Group fixed assets were up from £4.23m to £7.63m at balance date, while net current assets rose from £1.17m to £4.16m. Short-term debt totalled £300,000 (£50,000), and bank balances and cash were £188,127 (£464,613).

## Honeymoon in S. Australia

THE QUEENSLAND mining groups, NIM Holdings and AAR have been quick to capitalise on the change of State government in South Australia. The two companies are working on proposals for a pilot scale on their relatively modest-sized Honeymoon uranium deposits, near Lake Frome.

The previous SA Labour government had placed a moratorium on uranium mining in line with Federal Labor policy, but the new Liberal Government is in favour of uranium development.

AAR, which is partly owned subsidiary of CSR, and NIM plan to hold talks with the government and hope to have a pilot plant operating within 12 months.

The Honeymoon deposit contains an estimated 2,500 tonnes of uranium oxide and full scale mining would require an investment of at least A\$20m (£10.4m).

The partners' stakes are NIM, 51 per cent, AAR 21.7 per cent, the U.S.-owned Texas Exploration 25.5 per cent and Concoise Riotists of Australia 3.8 per cent.

## Pioneer group seeks control of Nabarlek

AUSTRALIA'S Pioneer Concrete Service, the international quarrying and building products group, yesterday launched a share-market operation designed to gain control of the Nabarlek uranium mining ventures in the Northern Territory, reports James Forde from Sydney.

Earlier this year Ampol Petroleum created interest when it bought an 8 per cent share in Nabarlek Investments (Australia) from the Australian Industry Development Corporation.

KI owns 50 per cent of Queensland Mines, which operates the Nabarlek uranium mining venture. The Ampol move pushed out Pioneer which has long had a small holding in KI but began to increase its stake.

Yesterday Pioneer stepped into the market with an offer to buy 1m KI shares, or 8 per cent of the capital, at a price of A\$6 (314p) per share. If successful this would lift Pioneer's interest to 20 per cent when account is taken of the group's recent purchases of Ampol and Queensland Mines.

However a quick riposte came in the shape of a report issued by the KI directors which valued the company at A\$7.50 per share and Queensland Mines at A\$8.72.

## Tax relief helps CAIL

HIGHER PROFITS of A\$12.6m (£6.8m) for the year to June 30, compared with A\$10.7m in the previous 12 months, are reported by Coal and Allied Industries (CAIL), the Australian coal producer which operates in New South Wales.

But the rise in profits reflected investment allowance tax concessions related to the development of a new A\$60m open-cut mine in the Hunter Valley. Operating profits were lower in the period at A\$12.1m compared with A\$14.4m in 1977-78. The dividend, however, is held at 20 cents (10.5p).

Lower profits in the second half of the year resulted from cuts of A\$2 per tonne in the price of coking coal sold to Japan and the explosion earlier this year which closed the West Wallsend No. 2 mine.

## ACM BUYS 9% OF NTL KALGUREI

AUSTRALIAN Consolidated Minerals has purchased 9.1 per cent of North Kalgoorlie from Amstar of the U.S. at a price of A\$17.50 (17.5p) per share.

## Active start for Heiton

The first four months trading in the current year have been active, says Mr. James Entwistle, chairman of Heiton, a London-based coal merchant and builders' provider.

He adds in his annual statement that he has every confidence in the group's ability to achieve the maximum return in whatever conditions may prevail for the remainder of the year.

As already known, taxable profits advanced 62 per cent to Irish £1.3m (£0.8m) in the year to April 30, 1979, on turnover 31 per cent higher at £23.21m (£17.32m). The dividend is raised from 23p to 41p net A share.

## ELVICTA WOOD CLOSURE

Elvicta Wood Engineering, manufacturer of boxes and quality presentation cases in wood, has closed its Cuckoo Hill factory which employs 46 people.

Because of a low level of orders, the company has been trading unprofitably for some time; and there is a lack of prospects in the foreseeable future.

## 15th year of record profits

Year ended 28 April	1979	1978
	£'000s	£'000s
Sales	95,787	75,946
Profit before taxation	7,755	6,411
Profit after taxation	4,400	3,491
Extraordinary items less minority interests	1,133	NIL
Profit including extraordinary items	5,533	3,491
Earnings per ordinary share	11.43p	9.61p
Dividend per ordinary share	4.00p	3.36p

- \* Sales for the year increased by 26%
- \* Profit before taxation up 21% over last year
- \* Recommended dividend increased by 19%
- \* Dividends to reflect growth of the company
- \* Net asset value per ordinary share is now 97p an increase of 98% on last year
- \* Liquidity is now very strong

"I am confident that with the increase in consumer spending power which will result from tax rebates due in October, results for the full year should prove satisfactory."

**Ben Raven** — Chairman

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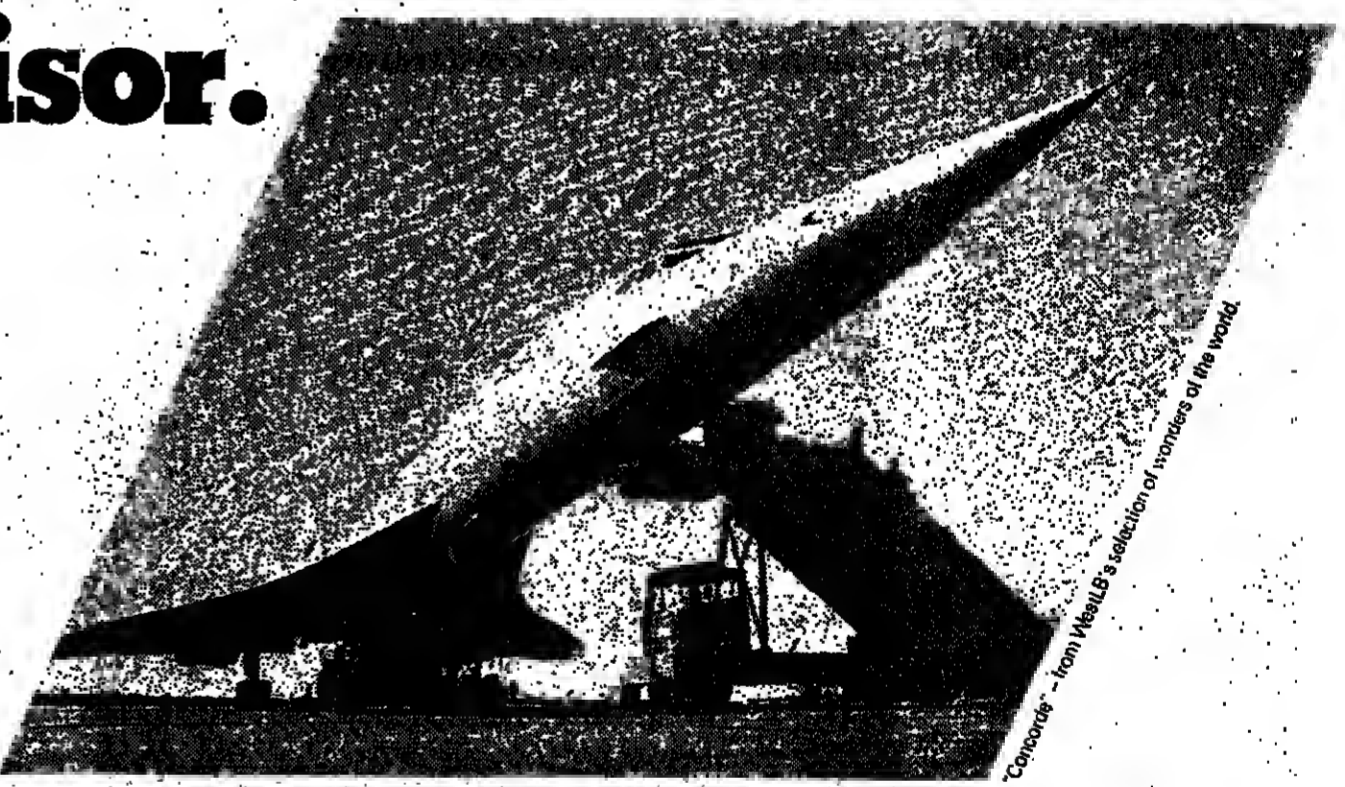
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NORTH AMERICAN NEWS

Moscow Narodny sued over Camino bank shares

BY JAMES BARTHOLOMEW

MR. AMOS DAWE, the Far Eastern businessman and former chief of the Mosbert Group, has filed a complaint against Moscow Narodny Bank and three others in the Superior Court of California.

other defendants agreed that Mr. Dawe should supply \$711,836 to Messrs. Chou and Chang in April 1974. The funds were allegedly to be used to buy shares in Camino California Bank. The shares were to be in the names of Messrs. Chou and Chang but these defendants were meant to execute a written trust naming Mr. Dawe as the beneficial owner, it is claimed.

Mr. Dawe claims damages of \$711,836 plus interest and punitive damages of \$5m on the first two counts, damages of \$711,836 plus interest on the third and fifth counts, and return of all right interest and money derived from the Camino California Bank's shares or \$711,836 plus interest on the fourth count.

Consolidated Foods alters role

BY OUR FINANCIAL STAFF

ACQUISITIONS and divestitures will play a much less prominent role in the future for Consolidated Foods, according to Mr. John H. Bryan, the company's chairman. Since 1976, Consolidated Foods has sold 50 of its subsidiaries in 15 different countries, representing 20 per cent of business.

packaged foods, which were not affected by the 1974-75 economic slowdown. The Hanes division, which was acquired in January, 1979, had also showed increased earnings during the last recession. Hanes is a major factor in men's and boys' underwear and women's hosiery.

are forecast to rise from last year's \$4.7bn to more than \$5bn. Mr. Bryan said that the company will continue to increase its dividends, but not at the same rate of growth as its earnings. The dividend, which is currently 40 cents a quarter, is equal to about 43 per cent of Consolidated's earnings per share, but this ratio is to be reduced gradually to 40 per cent.

Fox forecasts growth in third quarter

By Our Financial Staff

FILM PRODUCER and distributor Twentieth Century-Fox Film expects its performance for the third quarter to be at least as good as last year, according to Mr. Edwin A. Bowen, the company's senior vice president finance. Fox earned \$18.4m or \$2.26 a share on revenues of \$161m in the corresponding period of last year, boosted by the continuing success of the film Star Wars.

General Mills predicts peak sales and income

BY OUR FINANCIAL STAFF

GENERAL MILLS predicts record sales and earnings for the second quarter, following a flat performance in the first quarter just ended. The company, which is a leader in the packaged food industry, has diversified through acquisitions recently, and analysts expect this diversification, along with the strength of its established products, to maintain profits growth.

Net income for the first quarter slipped from \$43.2m or 56 cents a share to \$42.3m or 55 cents, on sales ahead of \$306.6m to \$297.3m. The latest period included a loss from foreign currency translation of \$2.2m or 4 cents a share compared with a gain last time of \$800,000 or 2 cents.

Bethlehem Steel cuts expected to continue

BY FRANCIS GHILES

CHICAGO—Mr. Lewis W. Foy, chairman of Bethlehem Steel, said yesterday that the corporation's plants were currently operating at 84 per cent of capacity, down from about 90 per cent in the first half.

Mr. Foy, who is also chairman of the American Iron and Steel Institute, said that Bethlehem had "a couple of hundred" workers laid off and cutbacks could continue in the fourth quarter if business did not pick up.

He revised downwards the steel industry's projected shipment for this year to 92m tons from about 101m tons because the industry was experiencing "a big fall-off" in demand from the car and appliance industries.

Western banks are keen to avoid any possibility of a declaration of formal moratorium on Sudan's debt, and instead prefer a formula under which the country can continue servicing its debt on a less arduous basis.

INTERNATIONAL CAPITAL MARKETS

New FRN model for Swedish loan

BY FRANCIS GHILES

CREDIT SUISSE First Boston director of CSFS, explained that this should protect investors from a sudden dip in short rates which, in the previous formula, might land bondholders with a long-term coupon inferior to other opportunities in the market.

Investors should be further protected by the stipulation that the long-term rates necessary for conversion must hold for two fixings before the transformation takes place.

The Kingdom of Sweden is to raise \$150m for 12 years through a floating rate note paying 3 per cent over the mean of offered interbank rates. This bond will convert into 9 per cent bond, with a semi-annual coupon payment, if the weekly average rate for ten-year U.S. Treasury bills, as published by the Fed, drops to 8 1/2 per cent or lower on two successive fixing dates for the floater.

SwFr 100m 12-year public bond through Wirtshafte und Privatbank. The borrower is paying a coupon of 4 1/2 per cent and the issue has been priced at par.

Sudan and creditors to review debt

By Our Euromarkets Staff

A WIDE review of Sudan's commercial foreign debt, which is estimated at up to \$1.5bn, will be held in London tomorrow by a Sudanese Government delegation and its major correspondent banking creditors.

The Sudanese side will be represented by Mr. Badr al-Din Suleiman, the Finance Minister, and Mr. Hassan Bashir, deputy governor of the Central Bank. The \$1.5bn debt total includes various export credit agency facilities, and supplier credits.

Ortoli borrowings to start soon

BY JOHN EVANS

THE start of borrowing operations on the international capital markets by the European Economic Community, under the so-called Ortoli bill, European unit of accounts (\$1.36bn) financing facility is expected within the next few days.

The amounts being raised have not yet been specified, but will probably meet most of the sum announced earlier this month. Several currencies will be involved.

development and the energy sector. However, well-placed bankers believe that the first of the Ortoli borrowings will be on a fairly minor scale.

The EEC Commission, acting in the name of the EEC, is expected to launch its borrowings on markets which the various Community financing agencies, such as the European Investment Bank and Euratom, have "traditionally employed," according to EEC officials.

The EEC Council approved the scheme in principle last October, and gave the Commission authorisation to raise up to ECU 1bn in the name of the EEC.

Last May, it specified that the first tranche of the borrowings should be for up to ECU 500m and go to infrastructure de-

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns for U.S. DOLLAR STRAIGHTS, OTHER STRAIGHTS, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, and YEN STRAIGHTS. Includes columns for Issued, Bid, Offer, Change, and Yield.

SEC defended on market system plans

WASHINGTON—Mr. Harold Williams, chairman of the SEC, yesterday defended the Commission's policy for a measured evolution, rather than rapid development, of the national market system.

Testifying at hearings on national market system progress, the SEC chief noted that a totally automated trading system might produce annual savings of \$100m through reduction of errors and improved efficiency in executing securities transactions.

However, such a system "would probably result in the elimination of exchange markets and the replacement of that structure by an untested and untried system," he warned.

However, the General Accounting Office and other critics contend that the SEC should lay out its ultimate national market objectives and settle on a single approach.

Advertisement for Olayan Real Estate Company. Includes text: "This announcement appears as a matter of record only", "SR 50,000,000", "8 year Loan Facility", "THE ARAB INVESTMENT COMPANY S.A.A.", "Arranged by THE ARAB INVESTMENT COMPANY S.A.A.", "Provided by THE ARAB INVESTMENT COMPANY S.A.A.", "ABU DHABI INVESTMENT COMPANY BANKERS TRUST COMPANY BARCLAYS BANK INTERNATIONAL LIMITED CANADIAN AMERICAN BANK S.A.", "Agent THE ARAB INVESTMENT COMPANY S.A.A.", "August, 1979".

Handwritten Arabic text at the bottom of the page.

مركزنا الالى

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Deutsche Bank plans rights issue

By Andrew Fisher in Frankfurt
DEUTSCHE BANK, the largest bank in West Germany, yesterday announced plans to raise DM 266m (\$167m) through a rights issue...

Upsurge in Krupp first half orders

BY ROGER BOYES IN BONN
KRUPP GROUP yesterday reported new orders of DM 6.6bn (\$3.73bn) during the first half of 1979...

those sectors most vulnerable to the effects of the oil crisis. Thus Krupp said that demand for industrial plant—new orders up by only 3 per cent—from the non-oil producing Third World was especially weak...

Thus the group has for once avoided the storminess which has often surrounded the changeover of chairmen. In 1972, Herr Gaenther Vogelsang, the man responsible for much of the financial restructuring within the group, refused the offer of a further term as chairman...

Waterford Glass ahead after first six months
By Our Financial Staff
HIGHER PROFITS were announced yesterday by Waterford Glass, the Irish company whose operations range from fine china retailing to motor distribution...

Turnover increase for Montedison

BY RUPERT CORNWELL IN ROME
MONTEDISON, Italy's largest chemical group, reports a 29 per cent rise in parent company sales in the 1979 first half to L1,971bn (\$2.46bn)...

Dutch foodstuffs group expands in U.S.

BY CHARLES BATCHELOR IN AMSTERDAM
WESSANEN, the Dutch foodstuffs group, is to extend its penetration of the U.S. market with the acquisition of a dairy products group in Minneapolis...

in Minneapolis-St. Paul. Annual turnover is more than \$35m and the company employs 220 people. The acquisition will make Marigold Foods the market leader in a large number of products in the area and give it coverage of the entire state of Minnesota...

this year to be higher than the FI 9.9m (\$5.1m) in 1978. In the first half of 1979, up to mid-July, the company, which makes offshore structures and dredging equipment, reported net profit of FI 8.9m. This was achieved after operating losses of FI 1.1m by the holding group and profits of FI 3m by the companies in which it participates...

60 per cent of the shares in its foreign activities, meant there was little point in giving detailed comparative figures for the first half of 1979, the company said. IHC Holdings wrote down its share in IHC Holland by FI 40m last year in anticipation of losses. The expected deficit from this company this year will be covered by these write-offs...

Air France hotel chain to double in three years

BY DAVID WHITE IN PARIS
AIR FRANCE'S luxury hotel subsidiary, Meridien, is aiming to double the size of its chain in three years and to compete among the world leaders in the sector. M. Henri Marescot, Meridien's chairman, said that the number of hotels would reach about 50, with some 16,000 rooms...

Results at the parent company, Société des Hôtels, Meridien, should continue to improve this year and net earnings are expected to be better than last year's FF 4.3m (\$1.04m). M. Marescot said that all its offshoots should follow the upward trend and finish the year in the black. Five Meridien hotels have opened this year, 10 are under construction and a further six are planned...

With encouragement from its state-owned parent company, it is considering launching a more down-market chain of two-star hotels in France. The name Meridien will, however, be reserved for its four-star network.

SOUTH AFRICAN STOCK MARKET

Investors rush for gilts

BY BERNARD SIMON IN JOHANNESBURG
THE FASTEST growing sector of the Johannesburg Stock Exchange is trading in government and semi-government securities. Trading volumes are now so high that the Stock Exchange Committee is considering setting aside a separate floor for trading in government and municipal stock. The total nominal value of these securities in issue at the end of last year was around R16bn (\$19bn), compared with a market capitalisation of all equities listed on the JSE of ever, in the first quarter of 1979, almost R30bn (\$36bn). How JSE turnover of gilts and semi-gilts—totaling R339m—for the first time exceeded the value of shares traded. The value of government and semi-government securities dealt on the JSE rose from R35m in 1976 to R639m last year. This year's turnover will be several times higher. Trading during the first eight months of 1979 totalled R1.6bn, reaching a monthly record of R485m in August. The current growth of the secondary market has been helped by the easing of a number of legal restrictions, but the strictures on South Africa's money and capital markets is still not conducive to a fully fledged open market in gilts and semi-gilts. An important step in activating the market was taken last year with the lifting of the prohibition on stockbrokers from acting as jobbers to fixed interest securities. Since they were not previously allowed to take positions themselves, brokers usually charged commission on orders, thereby denting their competitiveness with the discount houses and banks, which quoted very fine dealing rates. Thus making them until recently the dominant forces in the secondary market. Stockbrokers are now free to deal as principals, and they have quickly shown their muscle. A number of broking firms have snapped up several top-flight economists and money and capital market experts in recent months to staff their fast-expanding gilts departments. Well ahead of the others in expertise and turnover is Mathison and Hollidge, which is estimated to account for about 60 per cent of the JSE's gilt and semi-gilt transactions. A major coup for the stockbrokers was the recent recruitment by a small firm, Jeanne Sterianos, of all the senior members of the capital market team of Senbank, which last year

handed about a third of total public sector stock issues. Sterianos has not confined its activities to secondary market trading. Since June, it has managed two small new issues, one for a Black Homeland government and the other for a local authority. But because of their weak capital structures and inability to underwrite loans, brokers' forays into the primary market will probably be infrequent and on a small scale. A more insignificant, but less easily quantifiable, boost to the secondary market has been the growing sophistication and profit-consciousness of institutional investors. The South African Government compels insurers and pension funds to invest a substantial

portion of their funds in low-yielding government and semi-government stock. Although their gilt and semi-gilt portfolios are larger than their equity holdings, the institutions have in the past done little more than buy the required amounts of securities and hold them until redemption. Institutional investors have lately become less inhibited in their use of the secondary market. Rising inflation and fears about the ability of some pension funds to meet future commitments to their members, have made investors more aware of the need to obtain maximum returns from their portfolios. The high liquidity of the past two years and the lack of alternative investment channels have further encouraged trading in gilts and semi-gilts. Several public sector borrowers have done their bit by actively stimulating secondary markets in their stocks. None more so than the Electricity Supply Commission (ESCOM), which as a result of its inability to negotiate foreign loans for its expansion programme, has had to rely increasingly on the domestic market. Tap issues sold by

The value of deals in government and semi-government securities was R35m in 1976 rising to R639m last year. Trading during the opening eight months of 1979 totalled R1.6bn with August achieving a monthly record.

Escom on the secondary market last year raised considerably more than its two public issues. A number of municipalities, notably Port Elizabeth, have also encouraged active trading in their stocks. However, several other features of South Africa's financial structure have continued to hinder the development of a comprehensive secondary market. One problem is that the Reserve Bank's open market operations have been on a relatively small scale, mainly as a result of the limited size of its portfolio of saleable securities. These activities have increased somewhat in the past two years, and in July the bank sold over R400m in securities in an effort to mop up some of the high liquidity in the money markets. The effectiveness of open-market operations as an instrument of economic policy is currently being investigated by the De Kock Commission on Monetary Policy. The Public Debt Commissioners, who control the Civil Service's pension funds, have also taken a relatively insignificant role in gilt and semi-gilt trading. The PDCs control almost 40 per cent of the Government's marketable stock, but the profit and loss implications of active trading may have discouraged them from heavier participation. In a recent article, Mr. R. M. Gidlow, a Witwatersrand University lecturer, argues that "a limited role for the PDC may be preferred by the monetary authorities, because otherwise its participation may influence the market in a manner inconsistent with the monetary policy of the Reserve Bank." With the greater involvement of stockbrokers and non-institutional investors, and the greater role likely to be played in future by open market operations in official monetary policy, the fast growth of the secondary market is bound to continue. There is one cloud on the horizon, however, which could lessen the attractions of trading in both fixed interest securities and equities. The authorities will shortly publish draft legislation providing for the introduction of a capital gains tax. The details of the Bill have not yet been revealed, but it is widely expected that they will follow the recommendations of the Franssen Commission, which ten years ago proposed that capital gains on sales of stocks and shares and fixed property (other than the seller's dwelling) be taxed at a rate of around 20 per cent.

Advertisement for Republic of Indonesia Bank Indonesia. Features a \$425,000,000 medium-term Euro-dollar loan. Lists lead managers (Morgan Guaranty Trust, Chase Merchant Banking Group, Industrial Bank of Japan), co-managers (Algemene Bank Nederland, American Express Bank, etc.), and funds provided by various international banks.



# Banco Nacional de México, S.A. (Banamex)

is pleased to announce the opening of its London Branch at Winchester House, 77 London Wall, London, EC2.

This is the first fully operational overseas office of a Mexican Bank and represents another step in the process of international growth of Banamex, the oldest and one of the most prestigious of Mexico's full service banks.

Founded in 1884, Banamex has current assets of over US\$7000 million. In Mexico, Banamex has more than 550 branches; overseas, it has agencies in New York and Los Angeles and representative offices in Paris, Madrid and Tokyo. Additionally, Banamex has acquired the Community Bank of San Jose in California.

A founder member of International Mexican Bank Ltd. (Intermex) five years ago, Banamex now offers European businessmen a focal point in London for the increasingly valuable Mexican markets.

Banamex has appointed an experienced team to head its London operation: General Manager—Guillermo Guemez; Deputy General Manager—Anthony B. Falvey; Eurocurrency Deposits Manager—Edward D. Gasson; Operations Manager—John F. K. Frank.



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### Companies and Markets

## INTL. COMPANIES and FINANCE

### Increase in share issue by Gulf Medical

**By Mary Frings in Bahrain**  
GULF MEDICAL Projects Company, whose UAE DH 15m (\$4m) public offer of 6m shares in Sharjah last week was 2,000 times oversubscribed, has increased its capital, and has issued another 11m shares worth DH 27.5m nominal, for distribution to the subscribers.  
In Sharjah Whinney Murray, the international auditors, who are handling the allocation of shares, said that applications for 10,000 shares each from the four originally on offer, will now get eight more.  
Six of the additional shares will be paid for at the DH 2.50 price of the original issue, and two will be bonus shares.  
The deputy manager of the National Bank of Sharjah confirmed that during the six-day subscription period, Gulf Medical Projects Company was paid 8 per cent interest by the banks holding the share applications, on the amount standing to their credit.  
The company may thus have made a possible DH 40m (\$10.5m) in interest, on the DH 30bn (\$8bn) which it issued to cover the share applications. In Sharjah, the banks charged borrowers about 10 per cent, leaving themselves a 2 per cent margin.  
On the Kuwait Stock Market, the quoted price of the new shares fell from KD 0.900 each—about five times the face value—to KD 0.660 with the news of the additional allocation.  
Market prices of shares in two Bahraini offshore companies, which made public subscription offers recently, Pearl Investment Company and Gulf Union Insurance Company were still rising. Pearl was quoted at KD 2.700 (nine times face value) and Gulf Union at KD 3.200 (eight times face value).  
Gulf Medical Projects Company is a joint venture between the Government of Sharjah, a group of private banks and investment companies and the London-based Hospital Affiliates International, headed by Dr. Michael Sinclair.  
In Sharjah, one of Gulf Medical's founders, Mr. Abdul Rahman Bukhatir, said that Hospital Affiliates International had been awarded a management contract for the Al-Zahra private hospital, being built by Gulf Medical, only on condition that it took a small financial stake in the company. Mr. Bukhatir said the Al-Zahra Hospital was a minor part of the company's objectives. "We have been offered an investment in a new drug and pharmaceutical factory in Ras al Khaimah, and we are studying all aspects of the manufacture and trading of medical products, as well as the ownership and management of other private hospitals in the Gulf."

**By Philip Bowring in Hong Kong**  
JARDINE MATHESON has announced a 7 per cent increase in after-tax attributable earnings for the six months to June 30, to HK\$128.8m (US\$25.5m). Mr. David Newbigging, the chairman, forecasts that this rate of growth will "at least be maintained" in the second-half. Earnings for the whole of 1978 were HK\$335.5m (US\$66.1m).  
The results may appear disappointing in comparison with those of other Hong Kong companies reporting recently. Business in Hong Kong generally has been buoyant and Jardine, with its large overseas earnings, should have seen its profits in local currency terms inflated by the decline in the Hong Kong dollar.  
A number of factors, however, have thrown year-to-year comparisons out of joint. The chairman refers to improved trading conditions in almost every country and sector in which the company operates, and to the elimination of some loss makers. But the level of improvement does not fully show through for the following reasons:  
Last year's earnings included HK\$ 49m of exceptional profits on property and ship sales. Most of this is believed to have been in the first half, so that on a

## Prospect of new funding at Toyota Motor Company

**By Richard C. Hanson in Tokyo**

TOYOTA Motor Company, Japan's top motor manufacturer, is reported to be planning a large public offering of shares this autumn to raise funds needed in its stepped-up programme of spending to meet future competition in the international motor industry.  
According to Nihon Keizai Shimbun, the leading business daily, the company is moving toward a public offering of some 40m shares, which would raise about ¥20bn (\$135m) at current values. The company has declined to comment on the report.  
Toyota is in the midst of an ambitious modernisation programme for its ageing plant and equipment.

This fiscal year, which started in July, the company plans to spend ¥150bn on projects including the completion of its first new assembly plant in nine years. This is up from ¥120bn last year, which saw the completion of a new machining plant.  
The previous high for capital spending was set in 1974 when measures to meet new emission control standards prompted spending of ¥140bn—which is in real terms larger than this year's planned spending, because of sharp inflation since then.  
Toyota's moves reflect concern over the advances being made by General Motors in

developing small cars which will compete strongly with its own products in the coming decade. A good deal of the emphasis will be placed on research and development.  
The company is also attempting to strengthen further its already solid financial position. After its last public subscription two-and-a-half years ago, Toyota's equity ratio surpassed that of GM, amounting to 59.1 per cent compared with GM's 57.4 per cent, a very high ratio for a Japanese company. Toyota has no bank debt. Its biggest liability is in the form of ¥44.4bn in deposits its employees keep with the company.

## Advance by Jardine Matheson

**By Philip Bowring in Hong Kong**

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Last year's earnings included HK\$ 49m of exceptional profits on property and ship sales. Most of this is believed to have been in the first half, so that on a

recurrent earnings basis, the profit improvement in the first half of this year was probably around HK\$ 35m, rather than the officially stated HK\$ 8m. Secondly the group has lost the contribution from Gammon House, the big Hong Kong office block it sold late last year.  
That sale has allowed Jardine to reduce its term borrowing by an undisclosed amount despite making a final payment of US\$ 20m in respect of the acquisition of further shares in the Middle East trading house, Transport and Trading Company, on which investment it receives a guaranteed return. It now has 40 per cent of the Saudi-controlled company.  
Though the Gammon House sale has cut into earnings, it has enabled the group debt position to be much improved at a time of high interest rates. Almost all the group's term debt is now fixed rate, but even so the higher cost of short-term funds to finance trading activities has eaten into profits. Total interest in the first half was higher than a year ago, despite markedly lower borrowings. Mr. Newbigging says that the debt equity ratio will continue to improve.  
Because recurrent earnings have improved more rapidly

than total earnings, an interim dividend increase of 20 per cent to 22 cents, in cash or scrip form, has been recommended. The total for the year has been forecast at 77 cents against 71 cents.  
Much-improved performances are noted by Mr. Newbigging from the South African subsidiary, Rembles Consolidated, where first-half earnings were up 80 per cent. A full year improvement of 35 per cent is expected. There was also improvement in the troubled Philippines subsidiary, Jardine Davies, and losses at Jardine Industries in Hong Kong have been eliminated.  
Earnings of the financial services subsidiary, Jardine Fleming, were down from last year's record level, but there were improvements in China Trading, Reunion Properties—the UK property subsidiary—and elsewhere, in geographical terms. Hong Kong contributed slightly more than last year's 45 per cent of profits before term debt interest.  
No more provisions will be needed for losses on Tiber Investments in the Philippines and Malaysia, which last year involved extraordinary write-offs of HK\$90m.

## CBC plans to expand overseas

**By James Forth in Sydney**

THE GOVERNMENT owned Commonwealth Banking Corporation (CBC) turned in a solid performance in 1978-79, raising its earnings by 25 per cent, from A\$104.3m to A\$129.9m (US\$146m), and the bank is planning expansion abroad. The London office is to be expanded and upgraded, and a Hong Kong office will be set up, which the board believes will bring considerable benefits.  
Further plans are being made for the trading bank, including the possibility of a branch or representative office in Tokyo and the expansion of the bank's money market book in London.

The latest profit increase was aided by a lower average of funds tied up in statutory reserve deposits (SRDs) at low interest rates, increased loans from housing and a sharp jump in profits from the Savings Bank operations. Transfers from profits to contingency reserves in the latest year totalled A\$235.72m, compared with A\$27.86m in the previous year, when the bank disclosed these figures for the first time.  
The Commonwealth Trading Bank increased its market share of deposits in the latest year from 23.6 per cent to 24.9 per cent, enabling it to retain its position as the market leader. Its contribution to the group

result rose from A\$22.9m to A\$36.9m. The finance company offshoot, CBFG raised earnings from A\$9.62m to A\$12.25m.  
The savings bank increased its profit from A\$68.3m to A\$77.6m, largely as a result of increased housing loans, a portfolio of higher yielding securities and increased local and semi-government interest rates.  
The other arm of the group, the Commonwealth Development Corporation, which concentrates on small business and farm term lending, increased profit from A\$10.2m to A\$11m.  
Combined assets of the Commonwealth Banking Corporation rose from A\$13.5bn to A\$15.5bn over the year.

### Qatar shrimp company to liquidate

**By Our Bahrain Correspondent**

THE DEPLETION of shrimp stocks in the Gulf has led to the closure of the Qatar National Fishing Company, only a month after the Bahrain Fishing Company (Bafco) berthed its 15 trawlers and paid off nearly 500 employees. Both companies are to go into liquidation. The head of the Qatari delegation at the Gulf Fisheries Conference in Doha, Dr. Abdul Khalik Imam, said QNFC had lost half its capital of Qatar riyals 3.5m (\$0.8m), and would cease operations at the end of the month. The liquidation process would be set in motion on October 6, and the company's six trawlers would be sold.  
Ross Seafoods, a member of the Ross International group, managed the shrimp fishing and processing operations in both Qatar and Bahrain.  
Ross had a 35 per cent holding in Bafco, and the remaining shares were spread among about 1,000 Bahraini private investors. In Qatar the set-up was a little different, with ownership originally split between Ross (40 per cent) and the Government of Qatar. However, the Government then offered three-quarters of its holding to the public. The Qatar company was founded in 1986, about a year before Bafco.  
The two companies were very profitable until about two years ago, and exports of frozen shrimps to Japan and Europe brought in valuable foreign exchange. But suddenly catches dropped off, and all found the southern gulf local inshore fisherman also began to complain of empty traps.  
Extensive land reclamation, which spread a layer of silt over natural vegetation and turned the sea-bed into a desert, was blamed by the director of Bahrain's Fisheries Resources Bureau, Mr. Khalid Fakhr, among a number of other contributing factors. These included increasing pollution, and local exploitation of nursery areas, by harvesting immature shrimps.  
In Doha last week a committee for the development and management of fisheries in the Indian Ocean agreed on the introduction of closed season for shrimp fishing, to protect stocks in the Arabian Gulf and the Gulf of Oman. The closed season, from March 15 to June 30, is to be effective from next year.

## BHP lifts Bass Strait reserve estimates

**MELBOURNE—Total initial recoverable oil reserves in Australia's Bass Strait are now estimated at 3,666m barrels, against 3,300m a year ago.**

Sir James McNeill, chairman of Broken Hill Pty. Company, said at the company's annual meeting.  
The increase resulted mainly from further evaluation of the Flounder and Fortescue discoveries. BHP operates the Bass Strait fields in partnership with Esso Exploration and Production Australia. Cumulative production from the Bass Strait August 31 was 1,290m barrels, leaving an estimated recoverable 2,376m barrels.  
Oil price rises were a major factor among world economic events which were almost certain to temper basically sound outlook for BHP in the current year, Sir James said. The oil price rises came at a time when the U.S. economy was already turning down, but he noted that Australia was enjoying some bright spots such as interest in large project development and an upturn in

the rural sector.  
Mr. McNeill said both these sectors would require considerable tonnages of steel. BHP is Australia's only raw steel producer.  
He added that industry in general and the steel industry in Australia are better placed to weather any international recession than they were after the 1972-74 oil price rises.  
BHP's steel division has strong order books while its subsidiary and associated companies are reporting high demand in their respective fields, Mr. McNeill said.  
Turning to BHP group activities, the chairman said that while the Australian steel market position remains sound, there are signs of weakening international demand.  
He said that while BHP can expect to maintain a significant position in steel exports, rapidly rising freight costs will further reduce returns.  
In the oil and gas division exploration continues in partnership with Esso Exploration and Production Australia on the

Exmouth plateau but so far without significant results.  
The development of existing discoveries continues, with both the Mackeral and Tuna fields in the Bass Strait now in production. The Cobia Subsea development is also producing while the Snapper platform is in position and expected to be on stream, mainly for gas, in 1981.  
Work continues at Cobia and the West Kingfisher fields at a joint cost with Esso of A\$400m while approval has been given for the A\$200m development of the smaller Flounder field, the chairman added.  
The joint marketing venture with Shell Australia for liquid petroleum gas for automotive use had been significantly boosted by events in Iran and BHP anticipated it becoming a more important sector of the group.  
The minerals division is stepping up exploration for coal, iron ore, gold, diamonds and base metals in the current year. Mr. McNeill told the meeting.

All of these securities having been sold, this announcement appears as a matter of record only.



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Net proceeds to be advanced to Ontario Hydro.  
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Principal and interest payable in The City of New York in lawful money of the United States of America.

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مركزنا في لندن

### African Petroleum results

**By Mark Webster**

BRITISH PETROLEUM'S product marketing offshoot which was nationalised by the Nigerian Government last month, has reported a net profit after tax for the company of 7.43m naira (\$12.72m) on turnover of 102.8m naira for the last trading year.  
Mr. Mohammed Hayatuddin, the newly appointed chairman, also announced at the annual meeting that the company has been renamed African Petroleum.  
The Nigerian Government took over BP's remaining 40 per cent stake in the products marketing company and its 20 per cent stake in the Shell-BP oil operating company because of the parent company's contacts with South Africa.

US \$30,000,000  
Floating Rate London-Dollar Negotiable  
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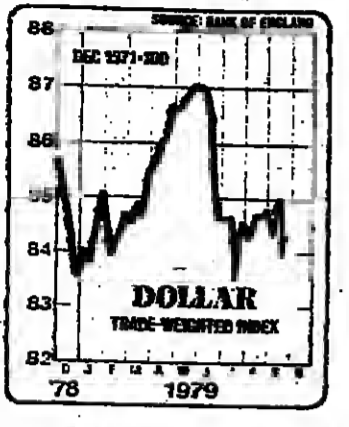
### THE SANWA BANK LIMITED LONDON

In accordance with the provisions of the Certificates, notice is hereby given that for the six month interest period from 26th September, 1979 to 26th March, 1980, the Certificates will carry an interest rate of 13 1/4% per annum. The relevant interest payment date will be 26th March, 1980.

Credit Suisse First Boston Limited  
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£ improves in quiet trading

Sterling showed a slight improvement over most major currencies yesterday in one of the quietest days of trading seen for some time.



Against the D-mark the U.S. unit finished at DM 1.7670 compared with DM 1.7715 on Monday.

THE POUND SPOT AND FORWARD

Table with columns: Country, Day's spread, Close, One month, % p.a., Three months, % p.a.

THE DOLLAR SPOT AND FORWARD

Table with columns: Country, Day's spread, Close, One month, % p.a., Three months, % p.a.

CURRENCY RATES CURRENCY MOVEMENTS

Table with columns: Bank, Special Rates, European Currency Unit, Bank of Morgan, England Guaranty, Dollar changes %.

OTHER MARKETS

Table with columns: Country, Rate, Note Rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: ECU central rates, Currency movements, % change, % change adjusted for divergence, Divergence limit %.

EXCHANGE CROSS RATES

Table with columns: Sept. 24, Pound Sterling, U.S. Dollar, Deutschmark, Japan's Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgium Franc.

EURO-CURRENCY INTEREST RATES

Table with columns: Sept. 25, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen.

INTERNATIONAL MONEY MARKET

Paris rates steady

Interest rates continued to show a steady trend in Paris yesterday, reflecting the considerable easing of pressure on the French franc within the European Monetary System.

GOLD Slight fall

Gold fell slightly in the London bullion market yesterday to close at \$375.3781, a loss of \$11 an ounce.

UK MONEY Full supply

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Day to day credit was plentiful supply in the London money market yesterday and discount

LONDON MONEY RATES

Table with columns: Sept. 25 1979, Sterling Certificate of deposit, Interbank deposits, Local Authority negotiable deposits, Finance House deposits, Company Deposits, Discount market, Treasury Bills, Eligible Bills, Fine Trade Bills.

SEPTEMBER 25 SEPTEMBER 24

Table with columns: Gold Bullion (fine ounces), Close, Opening, Morning fixing, Afternoon fixing, Gold Coins, Kruggerand, Madras, New Sovereigns, King Sovereigns, Victoria Sovereigns, 50 pesos Mexico, 100 Den. Austria, 500 Eagles, 100 Eagles, 50 Eagles.

NEW YORK MONEY RATES

Table with columns: Prime Rate, Fed Funds, Treasury Bills (13-week), GERMANY, Overnight Rate, One month, Three months, Six months, One year, Two years, FRANCE, One month, Three months, JAPAN, One month, Three months, Six months, One year, Two years.

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Companies and Markets

WORLD STOCK MARKETS

Early fresh Wall St. fall on inflation news

INVESTMENT DOLLAR PREMIUM Effective 32.1585 14 1/2 (32 1/2%)

anyway because of the sharp advance last week that came largely on speculation about an oil discovery off Newfoundland that proved disappointing on initial tests.

complete its planned take-over of Reliance Electric. THE AMERICAN SE Market Value Index declined 1.01 to 224.35 at 1 pm on volume of 2.59m shares (3.13m).

trading, which left the Hang Seng index 10.16 higher at a new peak for the year of 642.60.

Mines 40 cents to A85.20. Gold stocks generally firmed, with Central Norseman rising 5 cents to A87.60, GMR 9 cents to A82.14 and Poseidon 4 cents to A81.24.

Paris Bourse prices were mixed to firmer, with Oil companies particularly strong following reports of oil finds in the North Sea.

Closing prices and market reports were not available for this edition.

82.03, while declines held a five-to-two ratio lead over gains. Turnover came to 22.4m shares, slightly less than Monday's 1 p.m. level of 22.37m.

The Labour Department reported that consumer prices rose another 1.1 per cent in August after a 1 per cent July gain, putting prices 11.8 per cent above the level a year ago.

Hong Kong Properties led a fresh general advance yesterday in very active trading, which left the Hang Seng index 10.16 higher at a new peak for the year of 642.60.

Australia Industrial and Mining leaders, in particular, attracted renewed demand yesterday after Monday's pause.

Germany Shares remained easier-inclined but strong buying orders, led by DM 300 higher at DM 204.50, while elsewhere, Harpener rose DM 2.30 to DM 165.30.

NEW YORK Stock market data including Dow Jones Industrial Average, NYSE All Common Index, and various stock prices.

Stock market data for various companies including Johnson & Johnson, IBM, and General Motors.

Stock market data for various companies including General Motors, Ford, and Chrysler.

CANADA Stock market data including various Canadian stocks and indices.

Australia Stock market data including various Australian stocks and indices.

GERMANY Stock market data including various German stocks and indices.

Indices

NEW YORK-DOW JONES Index table showing Sept 24, 25, 26, 27, 28, 29, 30, 31, and 1979 High/Low.

STANDARD AND POORS Index table showing Sept 24, 25, 26, 27, 28, 29, 30, 31, and 1979 High/Low.

MONTECARLO Index table showing Sept 24, 25, 26, 27, 28, 29, 30, 31, and 1979 High/Low.

MONDAY'S ACTIVE STOCKS table listing various international stocks and their prices.

EUROPEAN OPTIONS EXCHANGE table showing various options contracts and their prices.

BASE LENDING RATES table showing interest rates for various banks and currencies.

AMSTERDAM Stock market data including various Dutch stocks and indices.

STOCKHOLM Stock market data including various Swedish stocks and indices.

JOHANNESBURG Stock market data including various South African stocks and indices.

PARIS Stock market data including various French stocks and indices.

VIENNA Stock market data including various Austrian stocks and indices.

MILAN Stock market data including various Italian stocks and indices.

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Companies and Markets

COMMODITIES AND AGRICULTURE

Brazil acts on coffee smuggling

By Diana Smith
BRASILIA—The Brazilian Government is taking urgent steps to block the "smugglers' corridor" to Paraguay...

Foreign trading controls in U.S. backed

WASHINGTON—Senior staff members of the Commodity Futures Trading Commission agree the agency should approve its proposed rule for foreign traders in U.S. commodity markets...

Ghana cocoa

ACCRA—The Ghana Cocoa Marketing Board said it purchased 309 tonnes in the ninth week of the mid-crop season ending September 20...

French lamb ban illegal, European Court rules

BY MARGARET VAN HATTEM
FRANCE WILL no longer be able to block imports of cheap British lamb and mutton following a ruling yesterday by the European Court of Justice...

The court said that although the Common Agricultural Policy does not yet incorporate sheep meat, France has no right to set up national import curbs...

U.S. stockpile trading to expand

BY PAUL CHEERIGHT
A MAJOR expansion of U.S. stockpile trading is planned over the next five years, as the General Services Administration seeks to put into practice new policies laid down in the recently passed Strategic and Critical Materials Stockpiling Revision Act...

In the fiscal year starting next month, sales are planned to reach \$265m, compared with a recent annual rate of between \$60m and \$70m...

Drought hits Indian grain crop

NEW DELHI—The summer harvest in India is expected to fall sharply by about 12m tonnes of foodgrain, following the unusually severe drought that has hit many parts of the country...

Bangladesh to boost wheat output

By a Correspondent
BANGLADESH will try to triple wheat production to 1.5m tonnes in the next year in an effort to narrow the foodgrain deficit...

Caribbean sugar in 'traumatic' state

BY OUR OWN CORRESPONDENT
GEORGETOWN—The Caribbean sugar industry is beset by a multitude of political and economic problems. Its total collapse is being prevented largely by the high prices paid for its produce...

Final lap in rubber pact negotiations

BY BRI KHINDARIA IN GENEVA
NEGOTIATIONS AIMED at concluding an international agreement for natural rubber, Geneva stocks of 150,000 tonnes, to maintain world natural rubber prices around a middle level of 210 Singapore cents per kilo...

The price will not be allowed to slip outside a price band ranging from 150 to 270 Singapore cents a kilo...

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BRITISH COMMODITY MARKETS

Table with columns for Base Metals (Copper, Tin, Zinc, Lead), Coffee, Rubber, and Soyabean Meal. Includes prices for various grades and origins.

INSURANCE BASE RATES table showing rates for Property Growth and Vanbrugh Guaranteed.

CORAL INDEX: Cote 468-473 table showing index values for various commodities.

I.G. Index Limited 01-351 3466. Three month Copper 1,008-2,1,016-8 table.

A FINANCIAL TIMES SURVEY COTTON OCTOBER 24 1979. The Financial Times is planning to publish a Survey on Cotton. Includes details on editorial synopsis, coverage, marketing, and contact information for John Wisbey or Simon Hicks.

AMERICAN MARKETS

Table with columns for Price Changes (Gold, Silver, Copper, Tin, Zinc, Lead, Nickel, Cobalt, Manganese, Vanadium, Molybdenum, Selenium, Tellurium, Cadmium, Bismuth, Antimony, Arsenic, Mercury, Platinum, Palladium, Rhodium, Iridium, Osmium, Rhenium, Neodymium, Cerium, Lanthanum, Europium, Gadolinium, Terbium, Dysprosium, Ytterbium, Lutetium, Barium, Strontium, Calcium, Magnesium, Sodium, Potassium, Rubidium, Cesium, Francium, Beryllium, Boron, Aluminum, Gallium, Indium, Thallium, Silicon, Germanium, Tin, Lead, Bismuth, Antimony, Arsenic, Selenium, Tellurium, Polonium, Astatine, Francium, Radium, Actinium, Thorium, Protactinium, Uranium, Neptunium, Plutonium, Americium, Curium, Berkelium, Californium, Einsteinium, Fermium, Mendelevium, Nobelium, Lawrencium, Rutherfordium, Dubnium, Seaborgium, Bohrium, Hassium, Meitnerium, Darmstadtium, Roentgenium, Copernicium, Tennessine, Oganesson).

COFFEE table showing prices for various grades and origins.

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COFFEE table showing prices for various grades and origins.

Table with columns for Rubber, Soyabean Meal, and other commodities. Includes prices for various grades and origins.

PRICE CHANGES

Table showing price changes for various commodities including Metals, Wheat, Soyabean Meal, and Rubber.

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INDICES

Table showing indices for various commodities including Financial Times, Dow Jones, and others.

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Best equity gains for nearly four months as buyers find market short and push index up 7.8 to 469.8

Account Dealing Dates
Option
\*First Declared Last Account
Dealings Dates

An early stirring of interest in North Sea oil securities following Press coverage of two more promising discoveries in the UK sector was sustained in later dealings and proved to be one of the mainstays in equity shares which made another firm showing yesterday.

from the emergence of more buying inquiries from institutional investors. This resulted in a further squeeze on short positions and in a subsequent raising of the general price level in leading issues.

The Industrial Ordinary share index, up a point at 10 am, put on 4 points more in the next hour and a further by 2 pm before ending at 469.8 for a rise of 7.8; this is its biggest gain in a day since May 29.

completed in the Traded-Option market, making it the busiest day since August 22 (1,117). ICX were relatively active, totalling at 100 deals, while 89 were done in Courtaniads.

F. C. Finance up
Demand in a thin market helped F. C. Finance put on 7 to 70p ahead of tomorrow's interim results, while Hambros encountered renewed support and put on 6 to 33p.

in sympathy to 190p. Lee Cooper put on 8 more to 230p after further buying in a thin market, while B. Paradise, at 16p, retrieved 3 more of last Friday's sharp fall which followed the poor annual results.

A noticeable revival of buying interest in the Electrical sector resulted in AB Electronic featuring with a rise of 14 to 20p in response to the good preliminary results. Demand continued for Automated Security which put on 7 further to 214p, while Decca "A" up 10 more to 385p.

ber 3, closed a few pence better at 470p, after 47p. Elsewhere, Eitel gained 5 pence to 195p, after 20p, on continuing rumours that Rael Electronics, which has a near 8 per cent stake in the company, or Saatchi Saatchi, may be about to make a bid.

Suggestions that the group would soon announce share-selling proposals helped De La Rue put on 18 to 543p, after 550p, while British Vita gained 9 to 140p on speculative support. Office and Electronic advanced 2 to 185p in response to the increase in forecast profits and Barrow Hepburn rose 3 to 36p for a similar reason.

while improvements of around 7 were recorded in Rush and Tompkins, 143p, Regional A, 103p, and Warnford Investments, 427p.

Following news that two further North Sea oil discoveries had been confirmed as promising, the sector put on another firm and active showing. Profit-taking in the late afternoon left the majority of quotations below the day's best. British Petroleum touched 1265p before setting at 1255p for a rise of 20, while Shell ended 8 to the good at 332p, after 355p. Among secondary issues, Lasso, 224p, and the OPS, 765p, finished 8 and 25 higher respectively following the interim statement.

FINANCIAL TIMES STOCK INDICES
Table with columns for various indices (Government Secs, Fixed Interest, Industrial, Gold Mines, etc.) and their values for different dates and a year ago.

HIGHS AND LOWS
Table showing high and low prices for various stock indices and sectors.

ACTIVE STOCKS
Table listing active stocks with columns for stock name, denomination, closing price, change, and 1979/1978 low/high.

OPTIONS
Table listing various options with columns for stock name, price, and other details.

LONDON TRADED OPTIONS
Table showing option trading data for various stocks, including call and put options, with columns for option type, price, volume, and closing price.

Renewed institutional demand and a sizeable business connected with purchases of Hong Kong securities brought higher rates again for investment currency and the premium closed another two points up at 371 per cent. Yesterday's SE conversion factor was 0.8776 (0.8918).

Speculative interest in Dutton Forchuk was not entirely dampened by the chairman's denial of a bid approach and the price settled a net 14 higher at 561p, after 561p. Elsewhere in the Motor sector, British Leyland rose 12 to 63p and Hanger Investments put on 3 to 71p.

Two of the outstanding features in Newspapers comprised United, which jumped 22 to 402p helped by the late announcement of increased first-half profits, and the statement, up 10 at 148p following the resignation of the chief executive.

South African Golds extended Monday's sharp gains despite the uncertain trend in the bullion price which closed \$150 down at \$377 an ounce.

A FINANCIAL TIMES SURVEY MAURITIUS
The Financial Times is proposing to publish a Survey on Mauritius in its issue of October 24 1979. The provisional editorial synopsis is set out below:
INTRODUCTION Sir Seewoosagar Ramgoolam's slender hold on power after the election. The rise of the opposition movements. The trade unions are showing their strength; the continuing problems of unemployment. The Island's multi-racial problem—is it shaking down to a new identity? Foreign policy and how it evolves through the continuing Russian and American presence in the Indian Ocean.
THE ECONOMY How Mauritius is coping with continued inflation and trade deficits. Is there any material shift away from total reliance on the sugar industry? The problem of low sugar prices. How the 1976-80 Development Plan is working out; are objectives being realised? Progress of the new port.
SUGAR Mainstay of the economy. Influence on production of more modern agricultural methods? The position of the small producers as opposed to the big plantations. Marketing patterns and relations with the EEC and the ACP.
AGRICULTURE Progress of diversification. The tea industry and its exports. Cattle breeding; the fishing industry. How near is the island to self-sufficiency in its staple food, rice? Can the present high rate of imports be reduced by import substitution?
INDUSTRY Progress of the export processing zones; have they been a success? The industries established and their markets. Are they creating more jobs?
TOURISM Where the tourists come. The Island's natural attractions; development projects. Conservation of the Island's natural resources. Earnings from tourism; employment in the industry.
Copy date for this Survey is September 24, 1979.
Nicholas Whitehead
Financial Times, Bracken House,
10, Cannon Street, London EC4A 3DF
Telephone: 01-248 3000 Ext 699 Telex: 885033 FINTIM G
FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NEW HIGHS AND LOWS FOR 1979
RISES AND FALLS YESTERDAY
RECENT ISSUES
EQUITIES
FIXED INTEREST STOCKS
"RIGHTS" OFFERS
Table containing various market data, including new highs and lows for 1979, rises and falls yesterday, recent issues, equities, fixed interest stocks, and rights offers.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries, and the Faculty of Actuaries.
Table containing FT-Actuaries Share Indices, Equity Groups & Sub-sections, and Fixed Interest Price Indices.

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AUTHORISED UNIT TRUSTS

Table of authorized unit trusts with columns for trust name, manager, and performance data.

UNIT TRUST MANAGERS

Table listing unit trust managers and their respective funds.

OFFSHORE & O'SEAS FUNDS

Table of offshore and overseas funds with columns for fund name, manager, and performance data.

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Table of offshore and overseas funds with columns for fund name, manager, and performance data.

NOTES section providing additional information and disclaimers.

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## FOREIGN BONDS & RAILS

## BANKS & HP—Continued

## CHEMICALS, PLASTICS—Cont.

## ENGINEERING—Continued

## BRITISH FUNDS

Code	Stock	Price	Change
100	Treasury 10y (Lives up to Five Years)	110.5	+0.5
101	Treasury 10y (Lives up to Five Years)	110.5	+0.5
102	Treasury 10y (Lives up to Five Years)	110.5	+0.5
103	Treasury 10y (Lives up to Five Years)	110.5	+0.5
104	Treasury 10y (Lives up to Five Years)	110.5	+0.5
105	Treasury 10y (Lives up to Five Years)	110.5	+0.5
106	Treasury 10y (Lives up to Five Years)	110.5	+0.5
107	Treasury 10y (Lives up to Five Years)	110.5	+0.5
108	Treasury 10y (Lives up to Five Years)	110.5	+0.5
109	Treasury 10y (Lives up to Five Years)	110.5	+0.5
110	Treasury 10y (Lives up to Five Years)	110.5	+0.5
111	Treasury 10y (Lives up to Five Years)	110.5	+0.5
112	Treasury 10y (Lives up to Five Years)	110.5	+0.5
113	Treasury 10y (Lives up to Five Years)	110.5	+0.5
114	Treasury 10y (Lives up to Five Years)	110.5	+0.5
115	Treasury 10y (Lives up to Five Years)	110.5	+0.5
116	Treasury 10y (Lives up to Five Years)	110.5	+0.5
117	Treasury 10y (Lives up to Five Years)	110.5	+0.5
118	Treasury 10y (Lives up to Five Years)	110.5	+0.5
119	Treasury 10y (Lives up to Five Years)	110.5	+0.5
120	Treasury 10y (Lives up to Five Years)	110.5	+0.5

## AMERICANS

## BEERS, WINES AND SPIRITS

## DRAPERY AND STORES

## ENGINEERING—Continued

5 to 15 Years

100 Treasury 10y (Lives up to Five Years)

101 Treasury 10y (Lives up to Five Years)

102 Treasury 10y (Lives up to Five Years)

103 Treasury 10y (Lives up to Five Years)

104 Treasury 10y (Lives up to Five Years)

105 Treasury 10y (Lives up to Five Years)

106 Treasury 10y (Lives up to Five Years)

107 Treasury 10y (Lives up to Five Years)

108 Treasury 10y (Lives up to Five Years)

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## CANADIANS

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## BANKS AND HIRE PURCHASE

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## ELECTRICALS

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## CHEMICALS, PLASTICS—Cont.

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## CORPORATION LOANS

100 ANZ S&I

101 ANZ S&I

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## AMERICANS

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## BANKS AND HIRE PURCHASE

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## ENGINEERING—Continued

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## DRAPERY AND STORES

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مركز اساتذة

INDUSTRIALS—Continued

Table of industrial stocks including Shell, BP, ICI, and various other companies with columns for stock price, price change, and volume.

INSURANCE—Continued

Table of insurance stocks including London Life, Prudential, and other insurance companies.

PROPERTY—Continued

Table of property stocks including various real estate and construction companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various funds and trusts.

FINANCE, LAND—Continued

Table of finance and land stocks including various financial institutions and land-related companies.

DAIWA SECURITIES logo and header.

MINES—Continued AUSTRALIAN

Table of Australian mining stocks including various mineral extraction companies.

TINS

Table of tin stocks including various tin mining and processing companies.

COPPER

Table of copper stocks including various copper mining companies.

MISCELLANEOUS

Table of miscellaneous stocks including various other companies.

GOLDS EX-GRATIA

Table of gold stocks including various gold mining companies.

NOTES

Notes section containing various financial notices, company announcements, and market news.

REGIONAL MARKETS

Table of regional market data for various countries and regions.

OPTIONS 3-month Call Rates

Table of 3-month call option rates for various companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including various automotive and aviation companies.

SHIPPING

Table of shipping stocks including various maritime and logistics companies.

SHOES AND LEATHER

Table of shoes and leather stocks including various footwear and leather goods companies.

SOUTH AFRICANS

Table of South African stocks including various companies from that region.

TEXTILES

Table of textile stocks including various clothing and fabric companies.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks including various truck and bus companies.

COMPONENTS

Table of component stocks including various parts and accessories companies.

RENTALS AND DISTRIBUTORS

Table of rental and distributor stocks including various service and distribution companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including various media companies.

PAPER, PRINTING

Table of paper and printing stocks including various publishing and printing companies.

ADVERTISING

Table of advertising stocks including various advertising and marketing companies.

RUBBERS AND SISALS

Table of rubber and sisal stocks including various agricultural and commodity companies.

TEAS

Table of tea stocks including various tea trading and processing companies.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stocks including various companies from those countries.

SRI LANKA

Table of Sri Lankan stocks including various companies from that country.

AFRICA

Table of African stocks including various companies from the continent.

MINES CENTRAL RAND

Table of Central Rand mining stocks including various mineral extraction companies.

OVERSEAS TRADERS

Table of overseas trader stocks including various international trading companies.

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EASTERN RAND

Table of Eastern Rand mining stocks including various mineral extraction companies.

FAR WEST RAND

Table of Far West Rand mining stocks including various mineral extraction companies.

O.F.S.

Table of O.F.S. stocks including various companies from that region.

INSURANCE

Table of insurance stocks including various insurance companies.

PROPERTY

Table of property stocks including various real estate and construction companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various financial institutions and land-related companies.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including various financial institutions and land-related companies.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including various precious metal companies.

CENTRAL AFRICAN

Table of Central African stocks including various companies from that region.

